
Transfer of Human Resource Management Practices within US Multinational Companies

a 3 Country Case Study

Thesis

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The Faculty of Economics and Social Sciences at the University of Fribourg neither approves nor disapproves the opinions expressed in a doctoral thesis: They are to be considered those of the author.
(Decision of the Faculty Council of 23 January 1990).

TO MY FAMILY AND MY CLOSE ONES

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TABLE OF CONTENT

TABLE INDEX	11
TABLE OF FIGURES	13
APPENDICES INDEX	15
LIST OF ABBREVIATIONS	16
ABSTRACT	18
PART A: INTRODUCTION	19
1. Field of Research and Present Study – an Introduction to the Topic	19
1.1 Introduction and Research Questions	19
1.2 Content Specification: Component Parts of This Dissertation	22
1.3 Terms and Definitions	23
1.3.1 The Multinational Corporation (MNC) Defined	23
1.3.2 Nature, Focus, and Level of International Human Resource Management	25
1.3.3 Further Selected and Relevant Terms and Definitions	30
PART B: CONCEPTUAL FRAMEWORK	32
2. Transfer of Human Resource Management Practices in (US) Multinational Companies	32
2.1 Influencing Factors on HRM Practices in MNCs	32
2.1.1 Research Streams: Culture, Institutions and Micro-Politics	33
2.1.2 The Business System Framework – According to Whitley	38

2.1.3 Adding the Micro-Political Perspective	48
2.2 Transfer of HRM Practices in MNCs	55
2.2.1 Why, What, and How to Transfer	56
2.2.2 Transfer Results of Different Practices	57
2.3 Four Key Influences on HRM Practice Transfer.....	58
2.4 Power and Politics in the MNC Literature	59
2.4.1 Subsidiary Roles and Global Integration	60
2.4.2 Management Behaviour	61
2.4.3 Symbolic Effects	63
3. US MNCs: The National Business System and Home-Country Effects in Transfer of HRM Practices.....	66
3.1 The US Business System – Background to Home-Country Effects in the MNC Environment.....	67
3.2 Home-Country Effects in US MNCs – Summary and Overview	81
3.3 Convergence versus Divergence and Local Responsiveness versus Global Integration Debates	88
3.4 Roles of Regional Headquarters	90
4. Selected National Business Systems and Host-Country Effects in the US MNC Literature.....	95
4.1 Host-Country Effects in US MNCs – a Contemporary Subject in IHRM.....	95
4.2 German Host-Country Effects in US MNCs	99
4.2.1 The German NBS	99
4.2.2 German Host-Country Effects	102
4.3 French Host-Country Effects in US MNCs	109
4.3.1 The French NBS	109
4.3.2 French Host-Country Effects.....	112
4.4 Swiss Host-Country Effects in US MNCs.....	116
4.4.1 The Swiss NBS	116
4.4.2 Swiss Host-Country Effects	120

5. The Research Framework.....	124
 PART C: EMPIRICAL INVESTIGATION	136
6. Methodology and Research Design.....	136
6.1 Research Paradigm, Ontology, and Epistemology	136
6.2 Selection of Research Approach	139
6.2.1 The Case Study Approach.....	139
6.2.2 Seals of Quality for Case Studies	141
6.3 Selection of the Research Site, Field Access, and Data Collection Process	144
6.3.1 Putting the Present Study into Context	144
6.3.2 Provision of a Rationale for the Single Case Study Selection and Negotiating Access to the Field	144
6.3.3 Sampling, Sample Descriptions, and Data Collection	147
6.4 Selection of HRM Areas and Data Analysis Process	152
6.4.1 Selection of HRM Areas to be Investigated in the Present Research Project	152
6.4.2 The Data Analysis Process.....	154
7. Description of the Single Case “HealthCo” – Company Information, Structure and, Organization	159
7.1 US Headquarter Description – Home-Country Setting.....	160
7.2 European Headquarter Description – Setting of the Coordinating Function in HR	162
7.3 Description of the German Subsidiary Setup – Host-Country Organization and Structure	163
7.4 Description of the French Subsidiary Setup – Host-Country Organization and Structure	164
7.5 Description of the Swiss Subsidiary Setup – Host-Country Organization and Structure	166
7.6 Summary and Overview of International Setup.....	166
8. Analysis and Results of the Empirical Study.....	170

8.1 Analysis and Results of the HRM Practices in the Home-Country US	171
8.1.1 Recruiting and Selection Practices in the US	171
8.1.2 Training and Development Practices in the US	177
8.1.3 Compensation and Benefits Practices in the US	187
8.1.4 Instruments of Corporate Culture in the US	192
8.1.5 Performance Appraisal and Dialogue Systems in the US	200
8.1.6 Other HRM Practices and Effects in the US	202
8.2 Analysis and Results of the HRM Practices in the Host-Country Germany ..	206
8.2.1 Recruiting and Selection Practices in Germany	206
8.2.2 Training and Development Practices in Germany	217
8.2.3 Compensation and Benefits Practices in Germany	226
8.2.4 Instruments of Corporate Culture in Germany	232
8.2.5 Performance Appraisal and Dialogue Systems in Germany	240
8.2.6 Other HRM Practices and Effects in Germany	245
8.3 Analysis and Results of the HRM Practices in the Host-Country France	250
8.3.1 Recruiting and Selection Practices in France	251
8.3.2 Training and Development Practices in France	258
8.3.3 Compensation and Benefits Practices in France	266
8.3.4 Instruments of Corporate Culture in France	271
8.3.5 Performance Appraisal and Dialogue Systems in France	278
8.3.6 Other HRM Practices and Effects in France	282
8.4 Analysis and Results of the HRM Practices in the Host-Country Switzerland	287
8.4.1 Recruiting and Selection Practices in Switzerland	287
8.4.2 Training and Development Practices in Switzerland	294
8.4.3 Compensation and Benefits Practices in Switzerland	301
8.4.4 Instruments of Corporate Culture in Switzerland	306
8.4.5 Performance Appraisal and Dialogue Systems in Switzerland	316
8.4.6 Other HRM Practices and Effects in Switzerland	320
PART D: KEY FINDINGS, CONCLUSIONS, AND CONTRIBUTIONS	326

9. Discussion of Key Findings	326
9.1 The Single Case Study Enterprise	326
9.2 Key Findings: Institutional Impacts on the Transfer of HRM Practices	327
9.2.1 Institutional Impacts in the US	328
9.2.2 Institutional Impacts in Germany	329
9.2.3 Institutional Impacts in France	330
9.2.4 Institutional Impacts in Switzerland	331
9.2.5 Conclusion on Institutional Impacts on the Transfer of HRM Practices	332
9.3 Key Findings in Institutional-Actor Interplay: Actor-related impacts, Combination Effects, Command Effects, and Transfer Intention and Hybridization	335
9.3.1 Institutional-Actor-Interplay: Impact on the Outcome in Germany	335
9.3.2 Institutional-Actor-Interplay: Impact on the Outcome in France	338
9.3.3 Institutional-Actor-Interplay: Impact on the Outcome in Switzerland	340
9.3.4 Transfer Intentions and Hybridization Options	342
9.3.5 Conclusions on Institutional-Actor-Interplay Impacts and Transfer Intention-Outcome Analysis	348
10. Contributions of the Present Study and Limitations	354
10.1 The Research Findings at a Glance	354
10.2 Answering the Research Questions: Goals and Achievements of the Present Study	357
10.3 Contributions of the Present Study, Implications for Practitioners, and Limitations and Future Research	360

TABLE INDEX

Table 1.1: Modes of internationalization	25
Table 1.2: Defining international HRM activities	26
Table 2.1: Key characteristics of business systems	40
Table 2.2: Six types of business systems	42
Table 2.3: Key institutional features structuring business systems	43
Table 2.4: Connections between institutional features and business system characteristics	46
Table 2.5: Institutional features associated with different types of business system	47
Table 2.6: Actor-related effects (power and politics) in the MNC literature	64
Table 3.1: Market capitalization of listed companies (% of GDP)	71
Table 3.2: US key institutional features	80
Table 3.3: US business system characteristics	81
Table 3.4: US home-country effects	86
Table 3.5: 7 main RHQ roles	91
Table 4.1: Transfer of HRM practices – a global view	96
Table 4.2: German Key institutional features	102
Table 4.3: German business system characteristics	102
Table 4.4: German host-country effects	107
Table 4.5: French key institutional features	112
Table 4.6: French business system characteristics	112
Table 4.7: French host-country and home-country effects in MNCs	115
Table 4.8: Swiss key institutional features	119
Table 4.9: Swiss business system characteristics	119
Table 4.10: Swiss host-country effects	122
Table 5.1: Research questions – top-line and sub-line – and assumptions	129
Table 6.1: Overview of inquiry paradigms	138
Table 6.2: Interview sample information I	149
Table 6.3: Interview sample information II	150
Table 6.4: Selected HRM areas for the present investigation	153
Table 6.5: Other HRM-related coding attributes	153

Table 7.1: Summarized description of international presence and organizational setup	168
Table 8.1: US HRM practices: recruiting and selection	177
Table 8.2: US HRM practices: training and development	186
Table 8.3: US HRM practices: compensation and benefits	191
Table 8.4: US HRM practices: elements of corporate culture	199
Table 8.5: US HRM practices: performance appraisal and dialogue systems	202
Table 8.6: US HRM practices: other HRM practices and effects	205
Table 8.7: German HRM practices: recruiting and selection.....	215
Table 8.8: German HRM practices: training and development	224
Table 8.9: German HRM practices: compensation and benefits.....	231
Table 8.10: German HRM practices: instruments of corporate culture	239
Table 8.11: German HRM practices: performance appraisal and dialogue systems	244
Table 8.12: German HRM practices: other HRM practices and effects	249
Table 8.13: French HRM practices: recruiting and selection	257
Table 8.14: French HRM practices: training and development	264
Table 8.15: French HRM practices: compensation and benefits	270
Table 8.16: French HRM practices: instruments of corporate culture.....	277
Table 8.17: French HRM practices: performance appraisal and dialogue systems	282
Table 8.18: French HRM practices: other HRM practices and effects	286
Table 8.19: Swiss HRM practices: recruiting and selection	293
Table 8.20: Swiss HRM practices: training and development.....	299
Table 8.21: Swiss HRM practices: compensation and benefits	305
Table 8.22: Swiss HRM practices: instruments of corporate culture.....	314
Table 8.23: Swiss HRM practices: performance appraisal and dialogue systems	319
Table 8.24: Swiss HRM practices: other HRM practices and effects	324
Table 9.1: Institutional impacts on the transfer of HRM practices.....	333
Table 9.2: Actor-related impacts on the transfer of HRM practices	350
Table 10.1: Findings at a glance.....	355

TABLE OF FIGURES

Figure 1.1: A model of IHRM	27
Figure 1.2: Units of analysis in comparative HRM and their social complexity	29
Figure 2.1: Institutional perspective on HRM	35
Figure 2.2: Institutional perspective on HRM - interorganizational.....	36
Figure 2.3: Conceptual background.....	37
Figure 2.4: Actors' interests	50
Figure 2.5: Relationship between subsidiary power and the use of tactics.....	52
Figure 2.6: Micro-political power dimensions.....	53
Figure 2.7: Actor-institution interplay moderating transfer of practices	54
Figure 3.1: The integration / responsiveness-framework.....	89
Figure 3.2: Profile of regional headquarters.....	93
Figure 3.3: RHQ structural models	94
Figure 5.1: Framework element 1	132
Figure 5.2: Framework element 2.....	133
Figure 5.3: Framework element 3.....	134
Figure 5.4: Conceptual framework.....	135
Figure 6.1: Code system extract.....	155
Figure 6.2: Interview coding.....	156
Figure 6.3: Observation notes coding.....	157
Figure 6.4: Extract case study protocol template	158
Figure 7.1: Description of the single case "HealthCo"	159
Figure 7.2: International setup of organizations for countries investigated - "HealthCo"	169
Figure 8.1: Research framework for the case study analysis and discussion of results	170
Figure 8.2: Organizational development US - symbolized.....	179
Figure 8.3: Organizational development Europe – symbolized.....	180
Figure 8.4: Corporate culture employee survey.....	194
Figure 8.5: Recruiting process for candidates of "Director and above" status	209
Figure 9.1: Intention-outcome for recruiting and selection practices.....	343
Figure 9.2: Intention-outcome for training and development practices	344

Figure 9.3: Intention-outcome for compensation and benefits practices.....	345
Figure 9.4: Intention-outcome for instruments of corporate culture	346
Figure 9.5: Intention-outcome performance appraisal and dialogue systems.....	347
Figure 10.1: A comprehensive research framework	361

APPENDICES INDEX

A.1 Interview Template: Local HR Managers.....	365
A.2 Interview Template: Local Business Managers	371
A.3 Interview Template: HQ HR Managers.....	377
A.4 Interview Template: HQ Business Managers	383
A.5 Interaction-Observation Check-List	389
A.6 Interview Introduction Check-List.....	390
A.7 Data Collection Protocol (Extract).....	391
A.8 MAXQDA Coding List	394

LIST OF ABBREVIATIONS

CME	Coordinated Market Economy
CSR	Corporate Social Responsibility
CV	Curriculum Vitae
FTE	Full Time Equivalent
GDP	Gross Domestic Product
HQ	Headquarter
HR	Human Resources
HRM	Human Resource Management
IB	International Business
IHRM	International Human Resource Management
IR	Industrial Relations
KPI	Key Performance Indicator
LME	Liberal Market Economy
MBO	Management by Objectives
MD	Managing Director
MNC	Multinational Company
MNE	Multinational Enterprise
NBS	National Business System
OD	Organizational Development
RHQ	Regional Headquarter
SME	Small and Medium sized Enterprise
US	United States of America
USD	United States Dollar
VET	Vocational Education and Training

ABSTRACT

This thesis addresses the topic of influencing factors on the transfer of Human Resource Management (HRM) practices in Multinational Corporations (MNCs), a topic embedded in International Business (IB) and more precise in International Human Resource Management (IHRM). It builds on the debate of international dominance, transfer motives, and the different viewpoints on the triggers, impacts, and processes related to the topic.

Recently the institutional analysis of transfer of management practices that seeks the impact in the institutional surrounding of the sending and receiving entities has been criticized of not taking into account the actors on the micro-level. In this sense the (regional) headquarter or subsidiary level or the actors at those levels and their active role in the transfer process of practices need to be paid higher attention to. Especially the detection of actors' different sources of power needs to be moved to the limelight. The analytical perspective adopted in this dissertation therefor is a combined approach of macro-level (institutional) and micro-level (actor-related) factors in order to fully catch and understand the transfer flow and outcome. Exploring on this the study is based on a comprehensively developed framework enfolding multiple tested and evidenced models to gain further insight into recently set-off debates.

The present study demonstrates that the actor-related approach shall not be neglected as it plays the major part in the transfer process in an MNC context. The study shows that depending on the set-up and involved actors institutional effects can be leveraged or dominated by political action in the majority of all cases. Therefore institutional impacts as such tend to be overrated as stand-alone effects in an HRM transfer process in existing literature. Micro-level impacts are the main driver in a process that had been seen as mainly institutionally impacted. Even though home-country and host-country effects constitute the origin of some differences the main transfer impacts are actor-related. Local mind-sets, preferences and resistances can lead to adoption, hybridization or adaptation of country-of-origin practices as show the transfer outcomes even in less state-coordinated and thus institutionally impacted environments.

PART A: INTRODUCTION

1. Field of Research and Present Study – an Introduction to the Topic

1.1 Introduction and Research Questions

With the undoubted increasing globalization, at least in the past two decades, international business (IB) advanced to probably one of the more interesting play grounds for researchers. As businesses from different cultures meet, or in some cases collide, more often, it is obvious that the one area in IB that deals with aspects most closely related to national, human or cultural differences would be set in motion: Human Resource Management (HRM).

HRM was originally approached in an economical and functional way and the resource in people seen as a “resource like any other” (Brewster 2004, p. 366) that had to be managed accordingly (Sparrow and Hiltrop 1994; Hiltrop et al. 1995). Consequently those resources had to be optimized. This so called “Michigan” approach has been subject to a lot of debates and changes since and an alternative strategic approach to manage people is predominant nowadays (Brewster 2004). Talking HRM’s origin: “Human Resource Management [...] is an American concept: it came, and new ideas about it tend still to come, to researchers and practitioners in Europe from the United States of America” (Brewster 2007b, p. 769). This statement is in line with researchers’ (Edwards and Ferner 2002) argument that management concepts from globally dominant and economically successful countries tend to be seen as the set examples to follow and their management practices to be applied. Although this so called “dominance effect” (Edwards and Ferner 2002) cannot be assumed in all business sectors in the US, “the States” are still one of the countries on the forefront in the global economy (GDP in 2011: 14.99 trillion USD / ranked 1st place - GDP/capita in 2011: USD 48’112 / a top 20 ranking¹). With HRM being originated in the US and US MNCs being successful in global economy, consequently US HRM practices tended to spread globally.

Along with the outlined development different research streams around this topic emerged and dug deeper into the subject of transfer of HRM practices and interest was attracted by the main actors in this context, namely US MNCs.

Within these streams theories and debates on HRM transfer in MNCs resulted from different angles and backgrounds. Questions like “what” HRM practices are transferred, “how” they are transferred and “why”, were discussed (e.g. Almond et al. 2005) along with questions about the results of such transfers (e.g. Edwards et al. 2005; Kostova and Roth 2002) and the external influences on it (e.g. Smith and Meiksins 1995; Davoine and Schröter 2010).

With the demand and pressure for a more differentiated approach than just assuming US dominance in this field, institutionalists debated about convergence or divergence (e.g. Kostova 1999; Ferner et al. 2005a) of HRM practices in MNCs and how practices are filtered and/or adapted by the local subsidiary context. The focus in this perspective is no longer only on the home-country of the MNC but takes into consideration as well the host-country (country in which the subsidiary is located). Institutional approaches look at the subject with a so called macro-perspective, where contextual influences on national or regional level

¹ <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD/countries/1W?display=default>
<http://data.worldbank.org/country/united-states>

are analyzed. Based on Whitley's "National Business Systems" (NBS) framework (Whitley 2000) a comparative analysis between different institutional settings (state, financial market, etc.) has been applied by different researchers (e.g. Wächter et al. 2004) to explain (transfer of) HRM practices in MNCs. Alternative institutional approaches (e.g. Hall and Soskice 2001) propose an institutional spectrum between the poles of the liberal market economies (LME) and the coordinated market economies (CME) which shapes HRM practices and its transfer from MNC headquarters (HQ) to its subsidiaries.

Recently the institutional analysis of management practices has been criticized of not taking into account the actors on the micro-level (e.g. Kristensen and Zeitlin 2005), which is the headquarters or subsidiary level or the people at this level and their active role in the transfer process of practices. Although they share some common views with institutionalists on the "contested terrain" (Morgan and Kristensen 2006, p. 1471) of the MNC in terms of institutional influences of home and host countries, the micro-level approach asks for an analysis one layer further below the institutions, i.e. a change in scope of analysis (Brewster 1995).

Analyzing the micro-level, researchers have applied schemes and models from management theory such as principal-agent theory, game theory (e.g. Balszejewski and Becker-Ritterspach 2011) or resource-dependency theory (e.g. Mudambi and Pedersen 2007) in order to develop frameworks around power and politics of the actors on micro-level in practice transfer games.

The one common point that is shared by all of the above outlined researchers is that the originally US-dominated area of HRM needs to be reconsidered once HRM is transferred and embedded in a context outside the United States. Thereby the macro- and the micro-level influences should not be neglected.

It is in this in this described intersecting area of HRM origins, contextual embeddedness, transferring processes, institutional pressures, power and politics of actors and their respective interests, globalization, socialization and different national settings where this dissertation finds its starting base. The study presented in this paper is, as the title indicates, an analysis of "Transfer of Human Resource Management Practices in US Multinational Companies". Three subsidiary countries will be considered: Germany, France and Switzerland. The interest in having a study as the present one is to gain valuable insights in the processes, influences and interplays present when it comes to cross-border management practice transfer. This is not only relevant for practitioners but will also contribute to the research done in this field.

Bridging to the research questions, the goals of the present study are presented first: The aim of this dissertation and the respective research is to gain further insight into influences which affect local businesses of multinational companies in managing their human resources under local institutional (macro-level) and so called "political" (micro-level) circumstances. The study aims at finding out how do MNCs cope with the dual forces of local responsiveness and global integration and are there rather tendencies towards divergence or convergence when it comes to international human resource management practices. Related to the introduction above I want to find out how national business systems shape human resource practices and decisions and in how far "political" decisions on micro-level have as well an impact on cross-border transfer of human resource practices within a MNC.

Summarizing one can ask the question what, why and how HRM practices are transferred within US MNCs?

Consequently resulting from the aim of the study are the following specific research questions:

- i. What are typical US HRM practices in US MNCs? Under what circumstances and how are those HRM practices influenced?
- ii. What is described as “best HRM practices” in US MNCs and how are they transferred?
- iii. How are HRM practices of US MNCs accepted in the host-country subsidiaries? To what extent are those practices adapted locally and why?
- iv. What are typical German/French/Swiss HRM practices in Swiss/German/French companies?
- v. How and to what extent are the HRM practices in subsidiaries in these 3 countries of the examined US MNC influenced by the local circumstances?

To answer the research questions listed above a two folded approach is chosen. First, the institutional approach based on Whitley’s NBS (Whitley 2000) is applied to analyze the macro-perspective. This is in line with other studies that have been conducted in this research field (e.g. Wächter et al. 2003). Secondly, in response to other scholars’ demand (e.g. Dörrenbächer and Geppert 2011) to consider the actors in the transfer process of management practices, the micro-perspective on the topic will be applied by running analysis within frameworks presented by Morgan and Kristensen (2006) and colleagues.

From the literature review that has been conducted we must assume that typical US practices are very standardized and formalized (Wächter et al. 2003), shaped by its institutional surroundings and the development of profit oriented organizations in a massive country in size and economical power (Chandler 1990). Best practices contributing to a structured and standardized management and contributing to the financial success are assumed to be exported to the foreign subsidiaries within the US MNE (O’Sullivan 2000, Ferner 2000). From the desk research we would also assume that due to the cultural clash and different institutional environments in the European host-countries the acceptance for some of the hot topics might be rather low and that adaptation of practices would take place (Muller 1999). Before entering into details in the remainder of this dissertation we can say that there is indeed an adaptation of US practices in the examined three European host-countries but actor-related adaptation is playing a much more major role than pure institutional influence. Actors’ power over meaning and their managerial behavior do mainly shape the outcome of the HRM practices transfer. By doing so country specific practices can be maintained and defended.

Before presenting the structure and component parts of this dissertation in the next section the relevance of the present study and where it seeks to contribute to the research community shall be presented hereafter:

First, understanding transfer of HRM practices within US MNCs is relevant for management practitioners. This study contributes especially to practitioners active in one of the 4 countries involved and is adding to comparative research being done at the University of Fribourg at the chair of Human Resources and Organization under the lead of Prof. Dr. Eric Davoine

(e.g. Davoine and Nakhle 2011, Davoine and Schröter 2010; Schröter 2013; Novitskaya, currently in process; etc.).

Secondly, the present study applies comparative institutionalism on macro-level, an approach that “[...] allow[s] a coherent argumentation in the area researched” (Mayrhofer et al. 2011, p. 64) and that is widely recognized (e.g. Jackson and Schuler 1995). This approach is combined with a micro-level approach, for which researchers demanded further considerations with respect to management practice transfer (e.g. Edwards et al. 2005; Morgan 2007). Thus the study is based on a combination of research approaches that fit best to gain valuable and detailed insight into the research area. For this a comprehensive and integrative research framework is proposed and applied.

Thirdly, the present research was done with a single case study, where a qualitative research with in-depth interviews was conducted. The major advantage for the present study is that the author was guaranteed access through the personal network to the company where the research was carried out. Therefore it could be benefited from access to relevant interview partners in the company, relevant data, and to background information on the company, one would otherwise not be able to hark back to.

Fourthly, for two countries (France and Switzerland) chosen for the study relatively rare to none knowledge and studies are existing which analyzed the topic. Further the research enfolds the US and Germany, countries with relatively high institutional distances (Kostova 1999; Wächter et al. 2004) which potentially show effects of transfer of HRM practices even more clearly. Additionally, all countries are economically very interdependent (e.g. 23% of foreign direct investment for Germany in 2009 coming from these 3 countries²) which is an interesting context in analyzing the subject at hand.

Summarizing, this study analyzes the transfer of the originally American concept of HRM practices within US MNCs by applying macro- and micro-level approaches to find out how influences at these two levels affect the final implementation of those practices in the subsidiaries.

The next section will present the structure of this dissertation.

1.2 Content Specification: Component Parts of This Dissertation

Before defining terms and definitions relevant for this dissertation the structure of the document is being presented.

The dissertation is divided in four major parts. The first one (A) presenting the introduction to the topic. In this part terms and definitions are discussed along some warm-up discussions on the relevant topics.

The second part (B) contains the elaboration of a conceptual and integrative framework applied for the present research. In the building of this framework Whitley's (2000) NBS model is discussed as the major input on the macro-level side of the framework letting comparative institutionalism entering the framework. This framework helps to understand the national differences in HRM approaches and serves as a basis to explain different key influences on practice transfer. Being a component of institutional surroundings the concept of culture is being discussed through the lens of the most pertinent and accepted models by Hofstede (2001) and Trompenaars and Hampden-Turner (1997). Eventually the micro-level approaches to let the actors-views being part of the framework are presented with models collected in “Power and Politics” by Dörrenbächer and Geppert (2011). The role of the subsidiaries (Dörrenbächer and Gammelgaard 2011), management behavior (Morgan and Kristensen 2006), and symbolic effects (Barmeyer and Davoine 2011) being the main three micro-political drivers enfolded in this extensive review. Those views are completed with the general concepts of HRM in MNCs to give further an overview on “why”, “what” and “how” HRM practices are transferred within multinational corporations (see e.g. Almond et al.

² <http://academiccommons.columbia.edu/catalog/ac:142670> / Deutsche Bundesbank

2005). To round off a complete view our literature review also treats influences on HRM practice transfer and the respective results of this rather complex process.

Once all those influencing features found in literature are displayed the findings of an extensive review concerning the home-country and host-country effects are presented. For the home-country USA a discussion is held on convergence-divergence (Brewster 2004) as well as on local responsiveness and global integration debates (Morschett et al. 2010).

Entering the empirical part (C) the methodology and research design are discussed along the state-of-the-art lines for case study research (Yin 2009, Gibbert et al. 2008). Further rich in content information is also given about the where and what of the field research. In a separate part “HealthCo”, being the organization the research was done with, is described in its structure. Still in the empirical part the analysis and results from the study are presented by country and sorted by HRM area.

The final part (D) then closes this dissertation with the key findings, conclusions, and contributions also giving an outlook on possible further investigation in the field.

Before going deeper into the topic of transfer of HRM practices in an international context the next sub-chapter will provide an important overview of terms and definitions for which a common and sound understanding is important for the conceptualization and conception of the research subject.

1.3 Terms and Definitions

In order to have a common understanding of notions being used in this dissertation the present part aims at defining the most relevant terms by reviewing relevant literature in this field.

1.3.1 The Multinational Corporation (MNC) Defined

As described in the introduction, multinational companies became more important as globalization increased. As Whitley (2001, p. 27/28) describes MNCs as “central agents” in this process and he states that the expansion of MNCs “in the last two or three decades of the twentieth century is often viewed as particularly significant for the international economic coordination.” In a very general view, Morschett et al. (2010, p. 2) describe MNCs as “companies with routine cross-border activities” and based on a former definition from the United Nations describe multinational companies as “entities in two or more countries”, operating in a “system of decision-making permitting coherent policies and a common strategy” and with linked entities by ownership or otherwise. Similarly Heidenreich (2012, p. 549) defines MNCs as “companies that coordinate and control subsidiaries across national boundaries and [...] operate in different national contexts.” The notion of national contexts leads to the fact that the understanding of a company - although in the case of MNCs different countries are simultaneously involved by definition - can differ from country to country and that this meaning can affect “policy and action” within the company (Redding 2005, p. 129). This is in line with the critics of the “stateless” firm by Hu (1992). He argues that “the primary source of a company’s international competitive advantage lies in its home nation” and “foreign sources of advantage can supplement national sources but cannot be sufficient as a substitute” (Hu 1992, p. 118). Ghoshal and Westney (2005) characterize the MNC as a firm being active in multiple markets with interdependent and tightly coupled subunits with a need for flexibility and which learn from each other.

Morgan (2001) differentiates between an economic and managerial perspective on the MNC opposed to the comparative organizational analysis that can be applied in conducting

research on MNCs. Expressed in other notions he makes the difference between: a “rational actor perspective” and a “social actor perspective”.

The rational perspective views multinational firms as organizations mainly “balancing the costs and benefits of different forms of serving foreign markets” (Morgan 2001, p. 3). The two other focuses in this perspective are on the process of internationalization, related to the sequenced steps in the process and “also underpinned by a view of the world in which firms are goal-directed, unified rational actors embedded in market contexts where competitiveness determines survival” (Morgan 2001, p. 5), and managerial issues of how multinational firms are managed in an environment that is given. All three focuses in the “rational actor perspective” are based on economical basics of cost calculation. “These three concerns in the international business literature provide a powerful template for examining the development of multinationals. They are bound together by a certain underlying set of assumptions that define an economic view of the world.” (Morgan 2001, p. 8)

Opposed to this perspective, the second strand of research considers the “social actor perspective”. It adds to the first perspective by considering the so called “social embeddedness” (Morgan 2001, p. 9) of rationality. This implies that rationality of actors is not context-independent but is constituted in a way that rational actions can differ between institutional contexts. The actor perspective brings the powers and interests of actors into play and sees “the multinational as a set of social processes of coordination and control, disorganization and resistance”. Consequently MNCs are not seen as just goal-oriented and rational operations, but as “specific forms of transnational communities”. The term of “transnational social space” is of central importance here (Morgan 2001, p. 10). Whitley (2009) argues in the same direction by questioning the assumption that multinational corporations are able to achieve better results than national companies, as both forms of firms are eventually engaged in a particular local context, be it with an organization as a whole, or with a foreign subsidiary. “[...] it is questionable to what extent MNCs do constitute a new form of visible hand [...]” (Whitley 2009, p. 145).

It is this view that is subject to the literature review and theoretical background outlined in chapter 2 “Transfer of Human Resource Management Practices in (US) Multinational Companies”. Whilst respecting the contextual influences on the organizations it does not leave the economical dimension out, it rather adds to the understanding of the complete and complex picture of the multinational corporation as an actor in global economy. Within this comparative organizational analysis Whitley (2001) distinguishes four types of internationalization of MNCs, based on typologies of older concepts of Porter (1986) or Bartlett and Ghoshal (1989). By dichotomizing the dimensions of “variety of institutional contexts” (low and high) and “organizational integration” (low and high) Whitley (2001) proposes the distinctions at the poles of similar multi-domestic, fragmented, similar integrated, and hybrid MNCs. The first type (similar multi-domestic) is highly decentralized with weak pressures from headquarters, mostly due to low differences of the business systems between the home and the host-country. The fragmented type operates “foreign subsidiaries at arm’s length, but [...] much more committed to markets and locations in very different kinds of business system” (Whitley 2001, p. 36). Typically firms that expand by acquiring organization abroad develop such differentiated structures. The third type of MNC internationalization emerges from the combination of high organizational integration and low context variety against the home business system. Consequently the contextual pressures are not in conflict to a high extent and the firms tend to “extend domestic patterns of behavior to their new locations” (Whitley 2001, p. 36). Hybrid MNCs are much more subject to contextual conflicts as home and host-country business systems differ. Their intention to strongly integrate subsidiaries means that they even have to “change their domestic operations [...] to adapt to innovations being developed elsewhere in the network” (Whitley 2001, p. 37). Table 1.1 gives an overview on the different “modes of internationalization”.

Table 1.1: Modes of internationalization

(Whitley 2001, p. 36)

		Variety of institutional contexts	
		Low	High
Organizational Integration	Low	Similar multi-domestic	Fragmented
	High	Similar integrated	Hybrid

As this dissertation will depict in the coming chapters, MNCs from the United States of America are more standardized, formalized and centralized compared to MNCs from different origins (see e.g. Almond et al. 2005).

Summarizing the MNC as understood in this dissertation: the MNC has been an important factor in the globalization process due to its cross-border business activities. Even if economic principles are the major drivers of the multinational's activities, one needs to consider the different institutional contexts of the corporation and the actors within, in order to fully capture the soul of a MNC. Consequently there is not "the one picture" of a MNC but rather forms of MNCs shaped by contexts and actors.

The next section beholds the term of Human Resource Management (HRM). Similarly to the notion of the MNC in this sub-chapter a basic description of HRM is needed as a basis in this dissertation.

1.3.2 Nature, Focus, and Level of International Human Resource Management

As it was the case with the notion of the multinational corporation in the previous sub-chapter it is as well important to have a common understanding of the concept of "Human Resource Management" (HRM). At a first glance defining a well-known term as HRM seems a rather simple task. The problem with HRM is that even though the term itself is well known a common valid definition does not exist. As we will see in this section there is no correct or incorrect definition of HRM, the challenge is to find the one definition that fits best the issues approached and the research questions asked. To meet this challenge the three dimensions of HRM according to Brewster (2007a, pp. 239-242) are presented hereafter. Brewster distinguishes the nature, the focus and, the level of HRM. The nature of HRM shall define "what" is being studied. In simple words we can ask: "What activities does HRM include?" The second dimension describes the focus of the HRM research or expressed in other words: "In whose interest is HRM being studied?" Depending on the purpose of analysis HRM can be interpreted in different ways. The third dimension is about the level of HRM. HRM can be looked at from different levels, reaching from supra-national level to the level of an individual actor. Each perspective might be entitled to be applied depending on the research in place. In the next sub-sections HRM will be defined along these three dimensions in order to fit the study of this dissertation. Respecting the research questions in place it is important to mention that the focus is on INTERNATIONAL Human Resource Management (IHRM).

The nature of IHRM

As outlined above, the nature of IHRM describes the activities related to this term. Detached from the national or international context, HRM or IHRM enfolds a list of activities that can depend on what is being studied. Brewster (2007a, p. 240), who proposed the three

dimensions presented in the introduction to this sub-chapter, argues that even though some activities like resourcing, development, and reward hit most of the lists dealing with HRM activities, the nature of IHRM is still context dependent. What might be included in one list, e.g. trade union interaction or industrial relations, is not relevant in another HRM setting. Dowling et al. (2008) distinguish three approaches to IHRM: cross-cultural management, comparative HR approaches, and HRM in the multinational context. The third category is the most suitable to define the nature of IHRM as it aims to “explore the implications that the process of internationalization has for the activities and policies of HRM” (Dowling et al. 2008, p. 2). Despite of Brewster’s (2007a) objection about generalizing HRM’s preoccupation, Dowling and his colleagues propose the following activity list for IHRM:

Table 1.2: Defining international HRM activities

(Dowling et al. 2008, p. 2)

Defining international HRM activities
Human Resource planning
Staffing (recruitment, selection, placement)
Performance management
Training and development
Compensation (remuneration) and benefits
Industrial relations

Davoine and Nakhle (2011) have conducted their research along the following practices when they analyzed the Lebanese host-country effects on transfer of HRM practices from MNCs: performance appraisals, codes of conduct, training and development, recruitment and selection, compensation and benefits. Those are in line with studies by other researcher, e.g. Wächter et al. (2003), which serves as reference for concepts and models applied in this study (see following parts).

Different approaches have been proposed e.g. by Schuler with the so called 5 P-model (Schuler 1992) or a strategic international HRM (SIHRM) framework (Schuler et al. 1993). However for the study at hand those approaches have not been considered due to the suitable match of the models and studies outlined in the previous sections with this present research.

As HRM becomes international there are implications for the activities of a company. Dowling et al. (2008) point out that the amount of activities increases and becomes more complex and additionally a broader perspective has to be applied as more external influences are present. Describing what the typical practices of US MNCs are and what practices are being implemented and how they are adopted in the host countries are research questions that this dissertation is giving answers to (see sub-chapter 1.1 “Introduction and Research Questions” as well as onwards parts of this document).

To further pointing out the international perspective of HRM the following framework is introduced. Based on Morgan’s (1986) proposition Dowling et al. (2008, pp. 2-3) presents a 3-dimensional space, mapping the interplay between HRM activities, types of employees, and countries of operation.

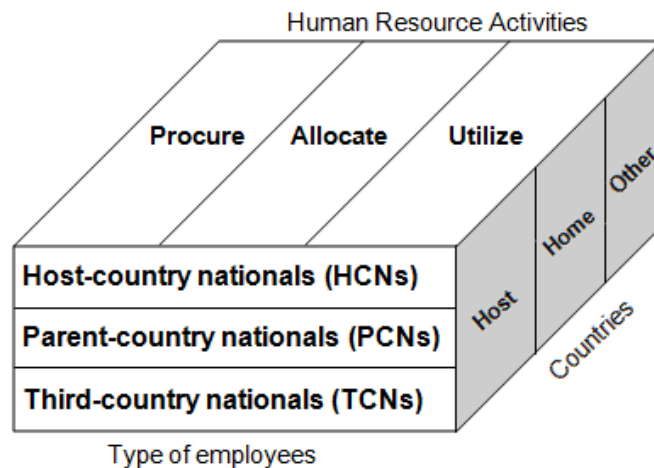


Figure 1.1: A model of IHRM

(Dowling et al. 2008, adapted from Morgan 1986)

The first dimension includes the human resource activities, which are grouped in three categories (Procure, Allocate, Utilize) and are in line with the list presented above (see Table 1.2: “Defining international HRM activities”). The second dimension distinguishes the countries in which the MNCs are involved: home-country, host-country, and other, which might be a source country of labor or finance, etc. The last dimension depicts the categories of employees in an international firm: host-country nationals (HCNs), parent-country nationals (PCNs) and third-country nationals (TCNs). Morgan (1986) sees Human Resource Management on international level as reciprocal actions between those dimensions. This model gives a reference point to consider when talking about the internationalization of HRM activities or in other words for the nature of IHRM.

The concept of the nature of HRM should be considered as dynamic. Less recent papers (e.g. Hiltrop et al. 1995) were debating about the tasks of an HR manager under different preconditions than those existing nowadays. A nice illustration of the evolution of the nature of HRM is the much cited statement by Drucker (1983, p. 269) about the work of a personnel manager as being “partly a file clerk’s job, partly a housekeeping job, partly a social worker’s job and partly a fire-fighting to head of union trouble”. This description, 30 years of age, is outdated in the modern view of HRM.

Summarizing, the nature of HRM: it is important to mention that no universally valid list of activities exists. HRM is contextually bound and so are its activities. For the present work the listing of activities as used by researchers as e.g. Davoine et al. (2011) or Wächter et al. (2004) serves as a base for the categorization considered. In a next step the focus of HRM is discussed.

The focus of IHRM

The focus of IHRM is the second of the three dimensions proposed by Brewster (2007) to define Human Resource Management. The main question here is: “In whose interest is HRM being studied?” (Brewster 2007a, p. 240) As described in the introduction this question is relevant in relation to the purpose of the analysis. Whatever research approach is chosen there is one common point for most of the researchers in this field, namely that HRM has become a more strategic component within companies. Sparrow and Hiltrop in their book “European human resource management in transition” (1994, p. 6) put it this way: “[The strategic view] shifted the content of personnel management away from traditional concerns with the specialist aspects of recruiting, training, rewarding and managing the ‘workforce’

towards a higher level issues of managing the organizational culture, designing the structure, and resourcing the identification, analysis and activity scheduling of event which impacted the management of people in the organization of the future.”

Despite this generally accepted strategic position of HRM there remain differences in the focus of HRM. Differences are highlighted between the understanding of HRM in the United States and Europe for example (Brewster 1995, 2007a). In the United States the paradigm of HRM is the “ultimate aim of improving organizational performance.” “Whereas HRM in the USA typically focuses on the firm, HRM in Europe is conceived of more broadly, providing better explanation of the potential differences in views about the topic and a better fit with the concerns of the specialists, by including national, institutional, and cultural issues such as the trade union movement, national legislation and labor markets not as external influences but as part of the topic” (Brewster 2007a, p. 241).

A similar differentiation in the focus of HRM is being made by Gooderham et al. (1999) when discerning the calculative from the collaborative approach. The former approach is the so called “hard model” of HRM, ensuring the economic activities in an efficiency oriented mode. Employees are being assessed and rewarded according to their contribution and HRM is being evaluated. The latter is the so called “soft model” which explicitly values the employees and sees them as core assets to the firm. In this view the role of HR practitioners must “[...] encompass human-relations issues stretching beyond classic personnel administration and the handling of reactive legal and regulative matters.” (Gooderham et al. 1999, p. 511)

One further distinction being made is the difference between the so called “universalist” and the “contextualist” approaches (Brewster 2007b). By contrast to the universalist paradigm that is found in the origin country of HRM namely the United States of America, we find a more contextual paradigm of HRM in Europe. Brewster sees the reasons behind these differences in the unequal focus of individualism between the US and most European countries, the different role of the state and the trade unions, and the patterns of ownership. Although there might be some kind of differences in the complexity and denotations of the concepts, Brewster’s approach goes into the same direction as Whitley’s (2000) “National Business System” (NBS) approach (see sub-chapter 2.1.2 “The Business System Framework – According to Whitley”). The significance and consideration of a contextual approach has been asked for by other authors also. Jackson and Schuler (1995, p. 238) claim: “Commentators have suggested that the acontextual nature of the scientific evidence is part of the problem; consequently, calls for new human resource management (HRM) research that takes context more seriously have become more frequent.” Paauwe and Boon (2009) question as well the search and implementation of so called “best practices” (a universalist approach) and call for a more contextual perspective.

Summarizing, the focus of HRM is important as it defines the interest of a study in place. For this dissertation the contextual approach was chosen, as it fits to give answers to the research questions (see sub-chapter 1.1 “Introduction and Research Questions”). The contextual approach takes into consideration the embeddedness of HRM in its environment and denies a universalistic view on HRM. In the next section the level of HRM is discussed.

The level of HRM

Still in the setting of Brewster’s (2007a, 2007b) three dimensions (nature, focus and level) of HRM this section describes the idea behind the “level” of HRM. In the previous sections we defined what activities are included in the concept of HRM and the importance of defining the purpose of HRM studies. Now the focal point is on the level at which HRM is being approached.

Brewster (2007a, 2007b, 1995) uses the analogy of the telescope to describe the different levels at which HRM can be looked at. The object lens can be focused on a single person in an HRM environment or at the other extreme on a supra-national organization with an impact on HRM. Each focus can be accurate and justified depending on the goal to be achieved. In other words the aim of a study needs to be clarified in order to adjust the lens appropriately. It is rooted in the tradition of HRM in the US with the economically approach to HRM and a universalist paradigm in place that traditionally the research level has been adjusted on an

organizational or sub-organizational layer. A more contextual approach to HRM has been favored by many researchers (Whitley 2000, Hall and Soskice 2001, Ferner 1997, Jackson and Schuler 1995, Morgan 2007, Kristensen and Zeitlin 2005) on the European research side.

As outlined above none of the levels is a priori false. But a certain difficulty arises when multiple levels are mixed in one study. When conducted with the focus on one level there must not be a generalization of results to other levels. Rose (1991) calls this problem “false universalism”. The declaration of the level at which HRM is being studied is therefore not trivial.

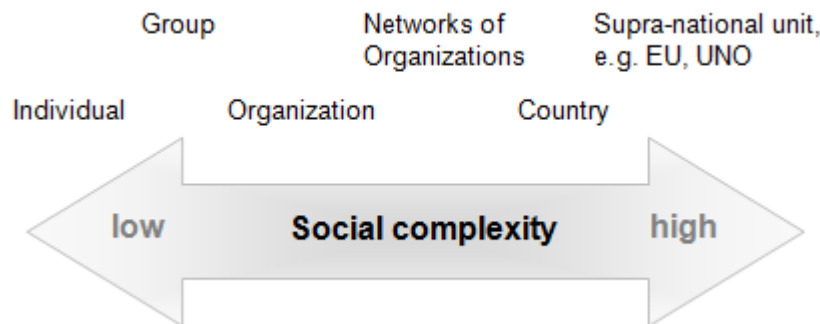


Figure 1.2: Units of analysis in comparative HRM and their social complexity
(Brewster and Mayrhofer 2009, p. 284)

The research for this dissertation is indeed conducted on two different levels. On the one hand a macro-level was chosen to show the national institutional impacts on transfer of HRM practices within US MNCs. On the other hand the micro-level in form of power and politics of individual actors is considered as well. As Molloy et al. (2010) argue, it is important to overcome the system-level and disciplinary divides, as different disciplines as psychology and economy have a different view on what macro- and micro-level is. In this dissertation this problematic is circumvented by one of the ideas presented by the authors, namely to specify exactly whether national, organizational or, individual level is examined, rather than sticking to the denotations of “micro” and “macro”. Further Molloy et al. (2010) see as the one common point to consider in all disciplines the “organizational view”. As the research entity for the study at hand is the organization itself another solution proposed by the authors is being present. Further each “level” is being addressed by gathering specific data, avoiding generalization or interpretation of data from one level research for the other.

Summarizing this sub-chapter it is important to mention that from the original idea of a more or less purely economic approach to HRM the concept changed to a more diversified picture of Human Resource Management. Along the above cited HRM practices and with a contextual focus this study is conducted to answer the research questions by examining two levels (institutional and power and politics) in a single case study.

The next sub-chapter provides some more but shorter definitions in order to have a common understanding of the concepts being presented in the remaining parts of this dissertation.

1.3.3 Further Selected and Relevant Terms and Definitions

The previous sub-chapters described the most complex and at the same time the most important concepts for this dissertation. In this sub-chapter some of the notions being used in the reminder of this dissertation are being defined and explained in short. They are listed below in order of importance related as well to frequency they appear in this work.

Institutions

"[Is defined as] a set of rules, formal or informal, that actors generally follow, whether for normative, cognitive, or material reasons, and organizations as durable entities with formally recognized members, whose rules also contribute to the institutions of the political economy" (Hall and Soskice 2001, p. 9). The term will further be outlined in sub-chapter 2.1.2 "The Business System Framework – According to Whitley".

Practice (Organizational practice)

"[Is defined as] an organization's routine use of knowledge for conducting a particular function that has evolved over time under the influence of the organization's history, people, interests, and actions." (Kostova and Roth 2002, p. 216)

Macro level / Micro level

As outlined in the paper of Molloy et al. (2010) the differentiation of micro- and macro level can change from one research discipline to another. For this work "macro-level" refers to the national level and above whilst "micro-level" refers to the organizational level and below. To avoid confusion the term "macro" or "micro" will be supplemented by further specification, thus avoiding methodological mistakes.

Embeddedness

"Embeddedness refers to the social, cultural, political, and cognitive structuration of decisions in economic contexts. It points to the indissoluble connection of the actor with his or her social surrounding." (Beckert 2003, p. 769). To enlarge this definition, Heidenreich adds the dimension for the concept of agency by mentioning that institutions (refer to the Definition of "Institutions") "exercise some sort of inescapable isomorphic pressure on social actors and companies" and emphasis that when defining embeddedness the "dynamic process in which institutional change takes place" (Heidenreich 2012, p. 553) needs to be understood.

Conflict

"Conflict is the awareness on the part of the parties involved of discrepancies, goal incompatibility, or irreconcilable desires. Conflict is based on interest divergence, information asymmetry between actors, or perception gaps of more than one party with an interdependent relationship." (Schotter and Beamish 2011, p. 195) For a detailed discussion on conflict, see sub-chapter 2.1.3 "Adding the Micro-Political Perspective".

Power

Based on the definition by Becker-Ritterspach and Dörrenbächer (2011, p. 542) "power" in this dissertation is understood as the ability of an actor to influence processes.

Career

Based on the definition of Becker-Ritterspach and Dörrenbächer (2011, p. 548) a "career" in this dissertation is understood as a "sequence of moves towards different locations and positions that have two crucial underlying aspects, namely time and direction."

With those three sections above we have rounded off the terms and definitions that are important for a common conception of the subject investigated in the present research. We will next go deeper into the topic of the transfer of HR management practices and related theoretical concepts that will help to build a research framework for the investigation.

PART B: CONCEPTUAL FRAMEWORK

2. Transfer of Human Resource Management Practices in (US) Multinational Companies

In this chapter firstly the influencing factors on HRM practices will be discussed and the theoretical background that is considered for the study will be presented. This explains how HRM practices in US MNCs have been developed, a process that is important to understand in order to be able to analyze the adaptation process of HRM practices in a MNC context. In a second step the transfer of HRM practices is approached. This part deals with the interest and measures taken to transfer the practices in place to a foreign subsidiary, again dealing with the subject in a multinational environment. It follows a discussion on influencing factors on the transfer of HRM (opposed to influencing factors on HRM practices in general). With this topic we are at the heart of the research questions in place, when the then following chapter outlines the findings of the desk research (literature research) about home-country effects in US MNCs. Further a delineation of the convergence-divergence debate is part of the chapter. The part is then concluded with the discussion on global integration versus local responsiveness and findings of host-country effects in the US MNC literature. The final points are the summary and formulated assumptions related to the research questions and derived from the findings of the desk research previously outlined.

2.1 Influencing Factors on HRM Practices in MNCs

When defining the multinational corporation in the previous chapter, the social actor perspective (see sub-chapter 1.3.1 “The Multinational Corporation (MNC) Defined”) was selected to be the right approach for this study, thus attaching importance to the embeddedness of the company in its different national contexts (Morgan 2001). This does not mean that the economically aspects of firms are neglected. But they are assumed to be a basic goal for a profit-oriented enterprise.

As defined by the research questions, the goal remains to find out how HRM practices are transferred within MNCs. To find answers to these questions, we first need to find out what influencing factors exist on HRM practices in general and on MNCs specifically. With the social actor perspective being chosen to be the right research direction, some deeper analysis of what concepts and theories exist in this research direction is crucial.

As outlined above, the emphasis will be two folded. Besides a contextual analysis on a macro-level, a micro-level approach analyzing power and politics of actors is applied. This study will not concentrate on so called contingency factors when it comes to the macro-level perspective. According to Brewster and Hegewisch (1994) contingency factors as size or business sector are less influencing than national factors. This is as well in line with researches conducted by Wächter et al. (2003), who's research model will be presented below and which serves as a basis for this dissertation.

Within the social actor perspective several research streams can be distinguished: culturalist approaches (e.g. Trompenaars and Hampden-Turner 1997, Hofstede 1980, 2001), institutional approaches (e.g. Budhwar and Sparrow 2002, Whitley 2000), and actor's power and interests approaches also called the “micro-politics” approach (e.g. Morgan and Kristensen 2006, Dörrenbächer and Geppert 2011). Each of those approaches will be further depicted in the following sub-chapter.

2.1.1 Research Streams: Culture, Institutions and Micro-Politics

Culturalist approach to HRM practices

According to Hofstede, one of the most popular advocates of the culturalist approach, culture is defined as “collective programming of the mind; it manifests itself not only in values, but in more superficial ways: in symbols, heroes and rituals”. (2001, p. 1). Hofstede (1980, 2001) defines cultural differences along 5 dimensions (power distance, uncertainty avoidance, individualism/collectivism, masculinity/femininity, and long- versus short-term orientation). The author conducted assessments by country to filter out the “average” culture by nations. Culturalists assume that management practices are shaped by cultural influences. “Values are held by individuals as well as by collectivities; culture presupposes a collectivity. A value is a broad tendency to prefer certain states of affairs over others.” (2001, p. 5)

Trompenaars, although offering alternative cultural dimensions, shares the view on the influential characteristic of culture on management practices. “Culture also presents itself on different levels. At the highest level is the culture of a national or regional society [...]. The way in which attitudes are expressed within a specific organization is described as a corporate or organizational culture. [...] People within certain functions will tend to share certain professional and ethical orientations.” (Trompenaars and Hampden-Turner 1997, p. 7)

Even though the culturalist approach is very captivating there are critics about the concept explaining its influence on management practices. Different authors (e.g. Almond et al. 2005) see limitations in the rather abstract concept of culture and see more questions arising than being answered. “Why do particular sets of values and attitudes characterize a given country?” (Almond et al. 2005, p. 277)

Rather than ignoring cultural influences some authors see it as an integral part of national institutions. Brewster (1995) sees culture reflected in national legislation and research models from Wächter et al. (2003) include culture as part of the contextual environment of a company. In other words the second research stream of “institutionalists” includes culture implicitly in their concepts as being reflected by the institutional settings. Redding (2005, p. 133): “Culture underlies the institutions, and the institutions underlie the business systems”. Institutionalists’ approach to influences on management practices is described here below.

Institutionalist approach to HRM practices

As culturalist scholars claim that management practices are mainly shaped by national cultures, institutionalists claim that management practices are shaped by institutional settings. Generally spoken institutions are nation-wide settings such as state regulations, legislation, educational systems, etc. (see as well the definition of institutions in sub-chapter 1.3.3 “Further Selected and Relevant Terms and Definitions” or the concept by Richard Whitley (2000) outlined in the next sub-chapter 2.1.2 “The Business System Framework - According to Whitley”).

As outlined in previous sections the institutional movement to analyze multinational corporations stems from the demand for a more differentiated view on HRM practices than the US-marked approach of “universalism” and “best practices”.

Numerous researchers drew frameworks for a better understanding of the heterogeneous approach to be chosen when leaving the US context.

Going about HRM practices specifically Jackson and Schuler (1995, p. 238) designated HR practices, HR policies, and HR philosophies as “components of HRM [which] are affected by the internal and external environments of organizations”. Thus their framework suggests the contextual influences namely through the before mentioned external factors of a firm, which are e.g. legal, social, and political factors. As well with the goal of avoiding the predominant “Anglo-Saxon-based” perspective Budhwar and Sparrow (2002) propose a framework that sees the influences on organizations as a multi-layer construct (outer layer: national factors as institutions; middle layers: contingent variables; inner layer: HRM practices). Those

different influences should not be distinguished in “cultural-bound” and “cultural-free” categories.

Within the institutional approach two different strands of schools can be distinguished. Ferner et al. (2005a) differentiate what they call “new institutionalism” and “comparative institutionalism”. Later Morgan and Kristensen (2006) when analyzing the progress and prospects of institutional approaches made the difference between “organizational institutionalism” and “comparative/historical institutionalism”. For this dissertation the denomination of Ferner et al. (2005a) will be applied.

New institutionalism can be partly based on what DiMaggio and Powell (1983) called the “iron cage revisited”. They see forces that influence on actors to shape organizations into similar constructs as they mutually influence each other. The underlying construct is called “isomorphism”. The authors distinguish “coercive isomorphism”, which stems from political and legal influence, “mimetic processes”, which are answers to uncertainty or in other words organizations copy structures of which they think will help them to be successful, and “normative pressures”, which is isomorphism due to professional networks and education. DiMaggio and Powell (1983, p. 151) argue as well for a spread of isomorphism through organizations as “subsidiaries must adopt accounting practices, performance evaluations, and budgetary plans that are comparative with the policies of the parent corporation”. In this strand of research “institutions are taken for granted way of acting, which derive from shared regulative, cognitive and normative frames. To be considered legitimate, organizations must conform to relevant institutional expectations.” (Morgan and Kristensen, 2006, p. 146) Therefore the basic idea of isomorphic pressures is one of the main concepts of this research school. Kostova and Roth (2002) see a possible conflict in MNCs as subsidiaries can be exposed to multiple pressures from both the headquarters in the home-country and the institutional context in the host-country. This phenomenon is called “institutional duality”. The pressure Kostova and Roth (2002) argue increases as the so called “institutional distance” between home- and host-country is big. As a reaction, subsidiaries in host-country environments have different choices to adopt practices: “active”, “minimal”, “assent” or “ceremonial” adoption of home-country practices.

Compared to the comparative institutionalism presented in the next paragraph, new institutionalism seeks to answer why organizations become similar over time.

“Comparative institutionalism” is the second research strand presented here. Opposed to “new institutionalism”, authors of this school seek to explain differences in HRM practices by analyzing different institutional settings. The most relevant contributions in this field go back to Whitley’s National Business Systems (2000), and Hall and Soskice’s “Varieties of Capitalism” (2001).

Hall and Soskice use a political-economic approach (as described by Geppert and Williams 2006) and classify nations in the dichotomy of Liberal Market Economies (LME) and Coordinated Market Economies (CME), the later referring to more strictly regulated environment and the former referring to a less regulated environment within a country. They argue that “in any national economy, firms will gravitate towards the mode of coordination for which there is institutional support” (Hall and Soskice 2001, p. 9). Whitley’s (2000) sociological perspective, demonstrates a close link between national business systems, institutional characteristics and operating corporations’ systems in place (as described by Geppert and Williams 2006). As the research for this dissertation is based on Whitley’s framework, it will be outlined in more detail in the forthcoming sub-chapter.

Authors as Tempel and Walgenbach (2007) see the above presented two strands of the institutionalist approach as to be considered complementary and argue that both can learn from each other. As for the research at hand, for which the Business System approach is chosen, the following statement is of importance: “The business-system approach needs to look more intensively beyond national borders, and in particular to pay more attention to the actions of global actors such as multinational companies” (Tempel and Walgenbach 2007, p. 19).

Whitley's framework (2000) has been applied by researchers in HRM. Wächter et al. (2004) for instance have explored the transfer of HRM strategies and policies from American MNCs to their German subsidiaries. They claim that "it is unlikely that national characteristics will be transferred abroad wholesale and any transfer is likely to be strongly mediated by both the influence of host environments and by strategies and structures of MNC" (Wächter et al. 2003, p. 3). Based on Whitley's work the institutional perspective taken up for the study is illustrated by the following graphic:

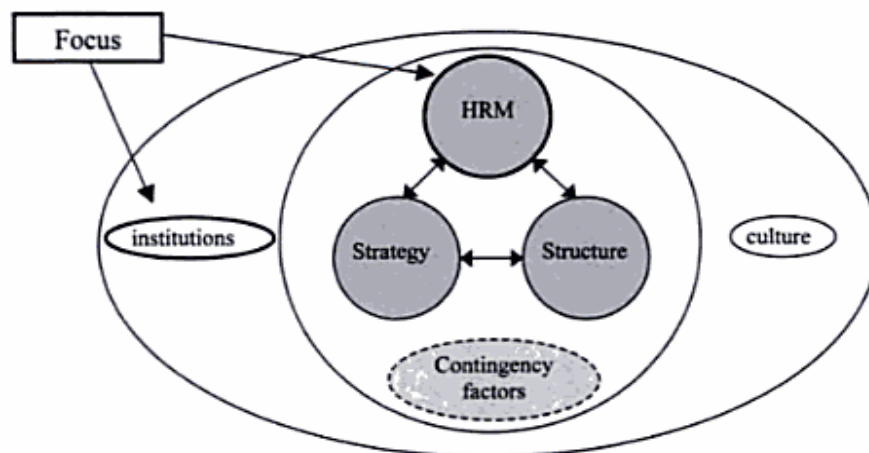


Figure 2.1: Institutional perspective on HRM

(Wächter et al. 2003, p. 6)

As Figure 2.1 "Institutional perspective on HRM" shows, HRM is in interplay with the firm's internal factors "strategy" and "structure". Additionally in this model contingency factors have a certain limited influence. As mentioned in the introduction to this sub-chapter 2.1 ("Influencing Factors on HRM Practices in MNCs") although being part of Wächter et al.'s (2003) demonstration of the institutional perspective, contingency factors have not played a major part in their study and will neither play a central role in the study presented in this dissertation.

So called external factors, as the institutions and culture surrounding the firm, have an influence on practices as proposed by Whitley's (2000) NBS framework. When applying this institutional perspective on a multinational level Wächter and his colleagues (2003) presented the analytical framework presented in Figure 2.2 "Institutional perspective on HRM – interorganizational" below.

The study presented by Wächter et al. (2003) is part of the basis of the research of this dissertation. It combines in a way what Tempel and Walgenbach (2007) asked for by applying the business system approach and at the same time home- and host-country effects as proposed by neo-institutionalism scholars as Kostova and Roth 2002 (for further details on home- and host-country effects see as well sub-chapter 2.3 "Four Key Influences on HRM Practice Transfer" of this dissertation).

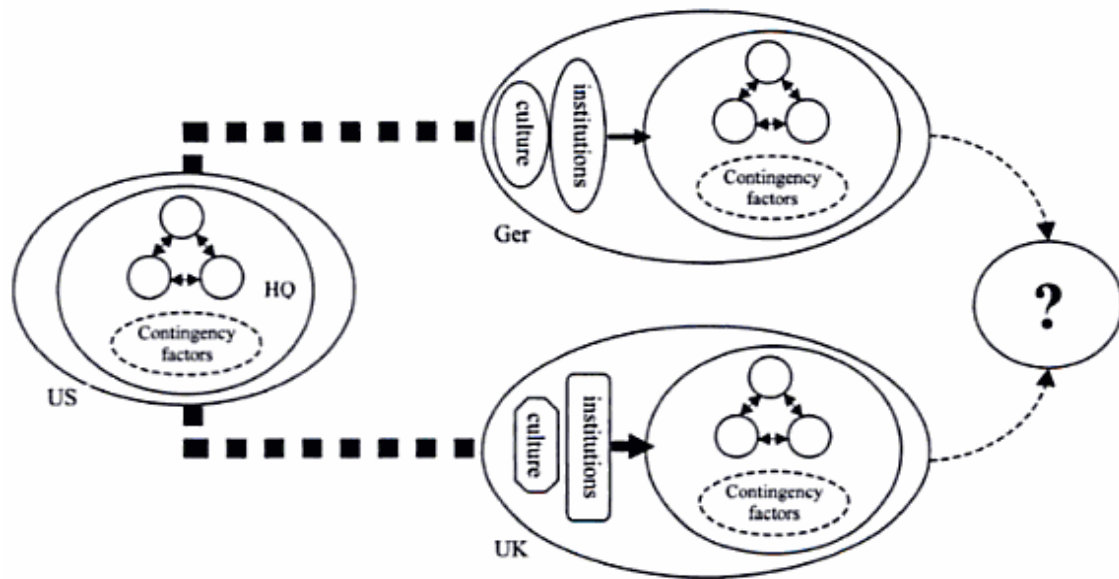


Figure 2.2: Institutional perspective on HRM - interorganizational
(Wächter et al. 2003, p. 6)

Before presenting in more detail Whitley's National Business System framework in the next sub-chapter, the third strand of literature in the contextual view of the MNC is discussed: the micro-political approach. More recent studies asked for a combination of the so called macro-(institutional) and micro-perspective (actor level) within MNCs. Ferner et al. (2012) summarize it as follows: "[...] power and interests of actors shape transfer through processes that draw on institutional resources both at 'macro' level of the host business system and the 'micro' level of the MNC. These processes in turn influence the transformations and adaptations undergone by transferred practices. Power, it is suggested, has to be understood in its institutional context. On the one hand, it is deployed by powerful MNCs actors to shape, sustain and activate macro- and micro-level institutions – a process that neo-institutionalists refer to as 'institutional work'. On the other hand, institutional context provides actors with power capabilities with which to facilitate, block or modify transfer." (Ferner et al. 2012, p. 164)

Micro-political approach to HRM practices

The third strand in the social actor approach is called "micro-politics" or alternatively used in this dissertation "actor's power and politics". While the cultural approach can be enfolded in the institutional approach as described in the sections above, this third approach can be looked at in first place as standalone from the two presented above. In a second step the 3 approaches will be combined (see sub-chapter 2.1.3 "Adding the Micro-Political Perspective").

In the introduction to their book Geppert and Dörrenbächer (2011) introduce this complementary perspective as follows. Neo-institutionalists concentrated on the spread of "best practices", looked for the sources of isomorphism and brought some important insights with the conceptualization of "institutional distance". Comparative institutionalists claimed that even "best practices" are shaped by institutional settings as are organizations themselves. From the point of the MNC and its subsidiaries this can be looked at as top-down approach. Geppert and Dörrenbächer (2011) call for a more "bottom-up" view on the subject, where power-relations between actors are not neglected and actors are not seen as "over-socialized players". In other words the concept of "actors' roles" or "agency" has to be considered in order not to hinder an even better and more detailed understanding of the dynamics in place. "A more actor-centered approach is needed to understand the dialectics

of institutional stability and change, which brings the role of political processes and power relations in the MNC from the shadows into the limelight.” (Geppert and Dörrenbächer 2011, p. 22)

Morgan (2001) described the MNCs as “transnational social space” where Geppert and Dörrenbächer (2011) see three important characteristics: the MNC brings together individual actors with different histories and experiences, political positions on the basis of local resource-building can lead to resistance or negotiations of transfer of practices, and micro-political games are played within MNCs. Those aspects have been neglected in the institutional approaches.

Sub-chapter 2.1.3 “Adding the Micro-Political Perspective” depicts frameworks related to this micro-level perspective in more details.

Summarizing this sub-chapter we can say that the cultural dimension influencing HRM practices can be considered as being included in the institutionalist approach to the subject. The more American way of institutionalist-thinking (neo-institutionalism) seeks to explain “isomorphic” forces that lead to similarity in the organizations, while the more European way of institutionalist-thinking (comparative institutionalism) seeks to explain differences in HRM practices applied by considering national contextual differences. A third literature strand explains influences on HRM practices from a more bottom-up perspective by allocating actors the interests and political power to influence management practices. For this study at hand the frameworks by Whitley (2000) and scholars of the micro-level perspective will serve as the theoretical base. These frameworks will be outlined in the following sections. Some of the insights gained by neo-institutionalists (e.g. Kostova 1999) will be considered when analyzing the transfer of practices and influences on it (see sub-chapter 2.2 “Transfer of HRM Practices in MNCs” and sub-chapter 2.3 “Four Key Influences on HRM Practice Transfer”). Figure 2.3 “Conceptual background” summarizes the conceptual background for this dissertation.

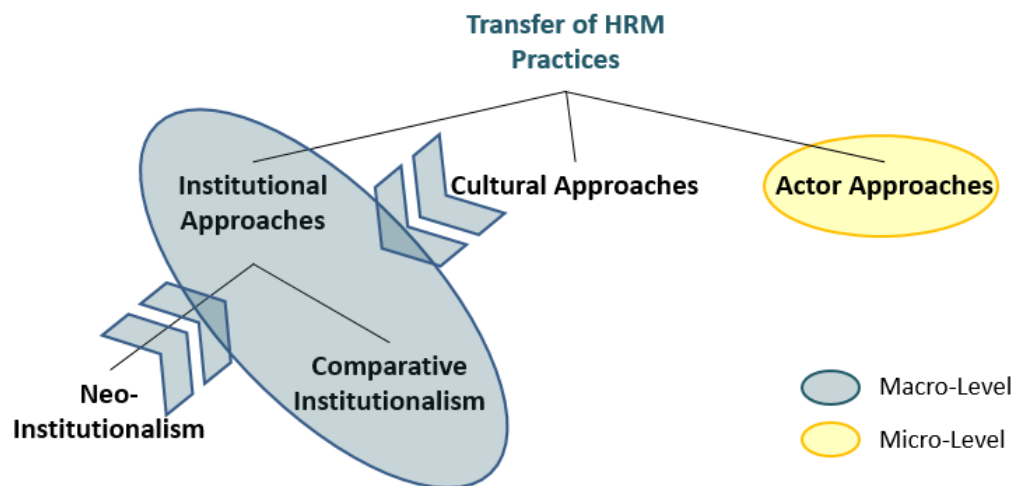


Figure 2.3: Conceptual background

Being considered as one of the major models in the building of our comprehensive research framework for the present investigation the NBS model according to Whitley shall be discussed next.

2.1.2 The Business System Framework – According to Whitley

In the previous sub-chapter approaches that demonstrated the influences on HRM practices were presented. In the present sub-chapter the comparative institutional approach in form of Whitley's (2000) National Business System (NBS) is presented. This framework builds one of the theoretical backgrounds the present dissertation is based on to answer the research questions formulated in chapter 1 "Field of Research and Present Study – an Introduction to the Topic". Before entering into a more detailed description of the NBS some terms will be defined that are needed for a better understanding of Whitley's (2000) concept.

Terms related to the NBS framework

Whitley's NBS framework is part of the so called institutionalist approaches. As shortly presented in sub-chapter 1.3.3 "Further Selected and Relevant Terms and Definitions" in the introduction of this dissertation "institutions" can be defined as "a set of rules, formal or informal, that actors generally follow, whether for normative, cognitive, or material reasons, and organizations as durable entities with formally recognized members, whose rules also contribute to the institutions of the political economy" (Hall and Soskice 2001, p. 9). For the framework presented hereafter a restricted number of "key institutions" are mostly relevant. Whitley (2000, p. 47) considers as such "institutional arrangements" which "[govern] access to critical resources, especially labor and capital". Those institutional features can "be very broadly characterized and compared across market economies in terms of our major arenas: the state, the financial system, the skill development and control system, and dominant conventions governing trust and authority relations" (Whitley 2000, p. 47).

The second important term to fully understand Whitley's concept (2000) is the "business system". "Business systems are [...] distinctive patterns of economic organizations that vary in their degree and mode of authoritative coordination of economic activities, and in the organization of, and interconnections between owners, managers, experts, and other employees" (Whitley 2000, p. 33). The same author then designs five "particularly important" actors within a business system: providers and users of capital, customers and suppliers, competitors, firms in different sectors, and employers and employees. The link to the institutional features can be summarized by Whitley's statement: "[...] business-system characteristics in different societies developed interdependently with dominant social institutions during and after industrialization, so that distinctive forms of economic organizations have become established in particular institutional contexts" (Whitley 2000, p. 47). As "the patterns of economic organizations" are interdependent, "a limited number of combinations of business-system characteristics are likely to remain [...] because contradictions between them can be expected to generate conflicts between social groupings and prevalent institutional arrangements" (Whitley 2000, p. 41).

In simple words one could say that business systems are structured by institutional settings. The interdependence of economic organizations and the limited number of business systems that are likely to remain can be summarized as well under the term of "complementarities", a term that describes "the idea of [...] two phenomena [that] enhance their own effectivity by being co-present in a particular context" (Morgan 2007, p. 133). Talking about "institutional complementarities" Hall and Soskice (2001, p. 18) argue that "institutional practices of various types should not be distributed randomly across nations" rather firms within an institutional setting should push governments for complementary institutional settings.

To consider completeness the notions of "institutional change" and "institutional arbitrage" shall quickly be discussed. Morgan (2007, p. 132) reveals that "the growing interdisciplinary interest in comparative capitalisms has increasingly focused on how and why particular institutions emerge, how they are reproduced and how they change". Focusing on change, Hall and Soskice (2001, p. 62) broach the topic saying that "much of the work on comparative capitalism lacks developed conceptions of how national systems change". Theories suggest that "the ideal type model of national business systems can be developed into a model of

reproduction over time through the idea of path dependency” (Morgan 2007, p. 133). Whitley (2000, pp. 134-136) in his conclusion on „Globalization and Business Systems“, sees path-deviant change “unlikely to occur” as “such changes are, then, large scale and far-reaching, requiring considerable institutional restructuring and realignment of major societal interests [...] they are unlikely to develop simply as a consequence of internationalization” and assumes that “globalization has been less significant in its scale and consequences than some enthusiasts have claimed.”. Supporting this argument the concept of “institutional arbitrage” by Hall and Soskice (2001) suggests that firms rather shift activities to sites with supportive institutional settings. Nevertheless the concept of change brings the actor perspective into play, which will be discussed in sub-chapter 2.1.3 “Adding the Micro-Political Perspective” (Morgan 2007, p. 133).

Choosing the NBS framework

Prior to presenting the details of the framework, a short introduction shall explain why Whitley’s (2000) framework has been chosen over alternatives as the likes of Hall and Soskice’s (2001) “Varieties of Capitalism” (VoC).

First, the NBS framework by Whitley is conceptualized in more detail than the alternative VoC. Instead of a dichotomy, Whitley defines a concept based on reliable and examined assumptions and consequently proposes 6 alternative possible business systems. Thus a more sophisticated differentiation and a more detailed approach are guaranteed. Secondly the more detailed framework allows a more detailed investigation by applying a case study (the research method chosen for the present study – see chapter 6 “Methodology and Research Design”. Thirdly, Whitley’s framework is based on a qualitative approach which fits with the research design of the research in this dissertation (qualitative case study research with in-depth interviews). Fourthly, applying Whitley’s framework is in line with prior studies (Barmeyer and Davoine 2011, Davoine and Schröter 2010, Davoine and Nakhle 2011, Schröter 2013, etc.) carried out at the chair of Human Resources and Organization at the University of Fribourg under guidance of Prof. Dr. Eric Davoine. Thus result comparability is best possibly assured.

The NBS framework

Whitley himself introduces the framework as follows: “The comparative analysis of varieties of capitalism involves the identification of the central phenomena of market economies in ways that are both sufficiently standardized across them to enable comparisons to be made systematically, and flexible and variable enough to incorporate the crucial aspects in which they differ” (Whitley 2000, p. 31).

Whitley’s framework to differentiate business systems and demonstrating institutional influences can be followed like a cooking recipe where the different ingredients (elements) are described and prepared before being mixed (connected) with each other.

In a first step Whitley (2000) describes 8 key characteristics that allow comparison among business systems. Business systems are subjects considered at firm or business level (see definition above). These 8 business system characteristics are divided in 3 different dimensions: ownership coordination, non-ownership coordination, and employment relations and work management. Table 2.1 (“Key characteristics of business systems”) gives an overview. It follows a short description of those elements which help to differentiate business systems.

Table 2.1: Key characteristics of business systems

(Whitley 2000, p. 34)

Key characteristics of business systems
Ownership coordination Primary means of owner control (direct, alliance, market contracting) Extent of ownership integration of production chains Extent of ownership integration of sectors
Non-ownership coordination Extent of alliance coordination of production chains Extent of collaboration between competitors Extent of alliance coordination of sectors
Employment relations and work management Employer-employee interdependence Delegation to, and trust of, employees (Taylorism, task performance discretion, task organization discretion)

Ownership coordination

The first characteristic in this dimension is called “primary means of owner control”. In other words, this characteristic of a business system describes “the extent of owners’ direct involvement in managing businesses” (Whitley 2000, p. 35). Three different forms are differentiated: direct control of firms by owners, alliance control (delegating considerably strategic decision-making to managers), or market contracting control which is as well called arm’s lengths portfolio control. The first one is typically found in family businesses, the second one is found when e.g. banks or allied companies have ownership of a firm, and the third one is what is wide-spread in Anglo-Saxon environments and can be in form of a portfolio investment. To classify owners’ control aspects as involvement in managerial issues, concentration of ownership control, owners’ business knowledge, owners’ risk sharing and interests, and the ownership exclusivity can be considered. Depending on the assessment of those aspects (low, limited, some, considerable or high impact) firms are allocated to one or the other ownership class.

The remaining two characteristics in ownership coordination are “ownership integration of production chains”, and “ownership integration of sectors”. In other words the former refers to the vertical diversification of a firm, and the latter refers to the horizontal diversification of a firm. “These three characteristics of ownership relations are often interrelated.” (Whitley 2000, p. 36) This gives us a first hint to what will follow in the second step of understanding the framework, namely that not every combination of the characteristics above is presumably possible.

Non-ownership coordination

This dimension refers to “alliances, obligations, and similar non-ownership linkages” (Whitley 2000, p. 37) of a business system. The framework differentiates between “alliance coordination of production chains”, “collaboration between competitors”, and “alliance coordination of sectors”. Each of these linkages can vary between “zero-sum, adversarial contracting, and competition” at the one end of the scale and “cooperative, long-term, and mutually committed” at the other end of the scale (Whitley 2000, p. 37). In other words relationship to production partners, competitors or allies in other business sectors can vary from business system to business system and thus are further characteristic to differentiate them. Whitley (2000, p. 38) specifies that non-ownership coordination and ownership coordination might be linked, for example, “direct owner control of managerial decisions will

often limit the scope and depth of collaboration with competitors because of the strong sense of personal identity with the enterprise". Again, this shows interrelatedness between the different characteristics.

Employment relation and work management

The two characteristics in this dimension to differentiate business systems are "employer-employee interdependence" and "delegation to, and trust of, employees". The former is referring to the differences of business systems within the two poles of "relying on external labor markets" and "commitment and mutual investment". The latter refers to the "responsible-autonomy" of workers within a business system (Whitley 2000, p. 39). Again, the framework points to interconnectedness between the characteristics.

In step two, the framework proposes that not all combinations of business systems characteristics as outlined above can be considered as likely to fit. Generally spoken, a business system has specifications for all of the above presented characteristics, which are to some extent interrelated. "[...] interconnections suggest that a limited number of combinations of business-system characteristics are likely to remain established over historical periods, because contradictions between them can be expected to generate conflicts between social groupings and prevalent institutional arrangements" (Whitley 2000, p. 41). What results is a selection of 6 major types of business systems: fragmented, coordinated industrial district, compartmentalized, state organized, collaborative, and highly coordinated.

Step 3 in understanding the framework is about assessing the 6 types of business systems against the different business system characteristics. Or put in other words, a look at the inner life of those 6 business systems is possible when looking at the characteristics according to step one.

Table 2.2 ("Six types of business systems") gives a summarizing overview of those business systems, which are very shortly described hereafter.

Fragmented business systems are mainly owner-controlled firms, engaging in adversarial competitions with short-term market contracting with vendors and clients. Mostly external labor markets are in the center of interest as employment relation is short-term as well. The short-term commitment is paired with low risk-sharing.

Opposed to this, coordinated-industrial-district systems have a more structured exchange with production chains. They are owner controlled but with a higher commitment to employees.

Compartmentalized business systems have activities across sectors but as well within production chains, however little commitment to employees. Owner control is usually at arm's length through financial markets.

State-organized business systems integrate production chains and cross sector activities. The owner control is mainly direct. "They are termed state organized because the state dominates economic development and guides firm behavior." (Whitley 2000, p. 43)

Collaborative business systems corporate within sectors and their owner control is mainly alliance with trust in skilled workers. Highly coordinated business systems are also predominantly marked by alliance ownership.

Table 2.2: Six types of business systems

(Whitley 2000, p. 42)

Business-system characteristics	Business-system type					
	Fragmented	Coordinated industrial district	Compartmentalized	State organized	Collaborative	Highly coordinated
Ownership coordination						
Owner control	Direct	Direct	Market	Direct	Alliance	Alliance
Ownership integration of production chains	Low	Low	High	High	High	Some
Ownership integration of sectors	Low	Low	High	Some to high	Limited	Limited
Non-ownership coordination						
Alliance coordination of production chains	Low	Limited	Low	Low	Limited	High
Collaboration between competitors	Low	Some	Low	Low	High	High
Alliance coordination of sectors	Low	Low	Low	Low	Low	Some
Employment relations						
Employer-employee interdependence	Low	Some	Low	Low	Some	High
Delegation to employees	Low	Some	Low	Low	High	Considerable

Until here the focus in developing the NBS framework laid on the business systems but not on countries and national economies yet. This layer will be added in the next step.

“Nation states often do develop distinctive business systems for a number of reasons. First, state-based legal systems usually define and enforce private property rights in capitalist economies. Secondly, the state is typically responsible for maintaining public order. Thirdly, nation states usually organize interest groups and the conventions governing their competition and collaboration.” (Whitley 2000, p. 44) This statement does point at the influencing factor of institutions on business systems.

In step 4 the institutional features structuring the business systems are presented. “There are a number of key institutions that help to generate and reproduce different kinds of business system, but the crucial institutional arrangements which guide and constrain the nation of ownership relations, inter-firm connections, and employment relations are those governing access to critical resources, especially labor and capital.” (Whitley 2000, p. 47)

Table 2.3 (“Key institutional features structuring business systems”) gives an overview before the different elements that help to distinguish different institutional contexts are discussed in some more detail.

The state

Explanations according to Whitley (2000, p. 47): The three features presented as part of the dimension “the state” can be seen as the “three summary ones”, among the state features, that “are particularly significant”. With “dominance of the state and its willingness to share

risks” the “extent to which states dominate the economy and share risks such that business become dependent on state policies and actions” is meant. So called Anglo-Saxon states for instance “have neither the wish to, nor the capabilities for, actively coordinating economic processes”. Under “state antagonism to collective intermediaries” the “extent to which the state encourages the establishment of important intermediary economic associations between individuals, firms, and the state” is meant. While for example Germany is encouraging formation of such organizations other countries look to avoid them. The third feature called “extent of formal regulation of markets” can be defined as “the extent to which states directly or indirectly regulate market boundaries, entry and exit, as well as set constraints on the activities of economic actors.” An example is given with states that regulate “which organizations can offer financial services”.

Table 2.3: Key institutional features structuring business systems

(Whitley 2000, p. 48)

Key institutional features structuring business systems	
The state	<ul style="list-style-type: none"> Dominance of the state and its willingness to share risks with private owners State antagonism to collective intermediaries Extent of formal regulation of markets
Financial System	<ul style="list-style-type: none"> Capital market or credit based
Skill development and control system	<ul style="list-style-type: none"> Strength of public training system and of state-employer-union collaboration Strength of independent trade unions Strength of labor organizations based on certified expertise Centralization of bargaining
Trust and authority relations	<ul style="list-style-type: none"> Reliability of formal institutions governing trust relations Predominance of paternalist authority relations Importance of communal norms governing authority relations

Financial systems

Again according to Whitley (2000, p. 49), the second dimension called the “financial systems” enfolds “the critical feature [dealing] with the processes by which capital is made available and priced”. Two different forms of financial systems are distinguished: “Capital-market-based” financial systems, where “large and liquid markets with trade and price financial claims” are present. This form is marked by trading on secondary and tertiary markets and consequently a “relatively short-term” orientation by investors and fund managers. “Credit-based” financial systems on the other hand have relatively weak capital markets present. Alternatively large banks or “a combination of commercial banks and long-term credit banks” are present. The orientation within this system is more long-term. The two presented financial systems mark the poles of a two dimensional system, between which multiple versions of systems can appear.

Skill development and control system

This dimension has two main elements (Whitley 2000, pp. 50-51): the skill development system, which can be described as “the education and training system”, and the control

system, which can be described as “institutions that control the terms on which the owners of those skills sell them in labor markets and how those markets are organized”.

Referring to the skill development system, two aspects are mostly important. “First, the extent to which practical skills are jointly organized and certified”, and secondly “the degree of integration of practical learning in firms with formal learning in educational institutions.” As examples the dual vocational system in Germany can be opposed to the generalist educational system in the UK.

Additionally, “there are three critical features of the organization and control of labor markets. First, the extent to which the availability of skills and capabilities are controlled by trade unions and professional associations. Secondly, how such associations are organized. Thirdly, the way that bargaining is structured.” Those features are termed: “strength of independent trade unions”, “strength of labor organizations based on certified expertise”, and “centralization of bargaining”.

Norms and values governing trust and authority relationship

This last dimension of the set of critical institutional influences on business systems can be described as structuring elements in “exchange relationships between business partners and between employers and employees” (Whitley 2000, p. 51). Firms’ structures depend on variations of relationships and collective identities can be affected. Relationship concepts such as trust and authority are as well shaped by norms and values that can alter from culture to culture and from country to country. This aspect is important as it shows that the concept of culture is to some extent included in the institutionalist approach (see sub-chapter 2.1.1 “Research Streams: Culture, Institutions and Micro-Politics”).

Varieties in institutional features as trust and authority relations can “result in significant differences in the governance structures of firms, the ways in which they deal with each other and other organizations” (Whitley 2000, p. 51). Three institutional features which are depicted in the framework and with the help of which institutional contexts can be differentiated are: reliability of formal institutions governing trust relations – referring to “formal rules” which leave “narrow range of issues and action” and acknowledge the status of a person, predominance of paternalist authority relations – referring for example to the degree of “social and moral distance between leaders and followers”, and importance of communal norms governing authority relations – referring to different forms of authority with “contractual” and “communal” forms as examples.

Very important to mention is the interrelatedness of these institutional features, similarly to the business system characteristics presented in previous steps. So far 6 types of possible business systems and their characteristics have been presented. In the previous section key institutional features influencing those business systems have been outlined. In a next step, the linkages between the presented business systems and the institutional features are discussed, further following the NBS framework (Whitley 2000).

In a fifth step Whitley (2000) brings together business system characteristics and institutional features. To formulate the interdependence and impact between those elements, institutional features are no more formulated in a neutral way, but expressed to be attached to one side of the spectrum that has been defined for them. For example the institutional feature termed “Reliability of formal institutions governing trust relations”, where reliability can assume shape of high or low reliability, is set at one extreme of the scale and becomes “low trust in formal institutions”. Again, “low” trust is not neutral whereas in the initial formulation reliability can be either high or low. Similarly the business system characteristics are attached to either high or low values.

What results is a matrix (Table 2.4 “Connections between institutional features and business system characteristics”) that shows linkages between institutions and business-system characteristics and the respective tendencies of encouraging (positive signs) or inhibiting (negative signs) the development of the specified business-system characteristic.

This matrix leads us to step six in the presentation of the Whitley's (2000) framework, where eventually the different institutional features are combined in a matrix (Table 2.5 "Institutional features associated with different types of business system") with the six defined business systems earlier in this part.

"The connections enable us to identify the sorts of institutional contexts that are associated with the establishment and reproduction of the six types of business system outlined [...] the overall level of organizational integration of economic activities in any one economy is connected to the existence and nature of general coordinating institutions in the wider society." (Whitley 2000, p. 59)

The matrix is explained with the example of the fragmented business system, the first column of types of business system in the matrix. "Fragmented business systems, [...] develop, in particularistic business environments [referring to institutional features or settings], with low trust clusters [referring to the dimension of trust and authority] where formal institutions are unreliable [referring to skill development and control], risks are difficult to share [referring to the financial system], and the state is at best neutral, and at worst predatory [referring to the dimension of the state]." (Whitley 2000, p. 59)

Summarizing this sub-chapter, Whitley's (2000) business system approach is a detailed framework that shows how institutional settings shape and influence national business systems. First, the approach proposes the most relevant and interrelated business system characteristics to differentiate organizations. Secondly, the interrelatedness of these characteristics limits the possible outcome of business systems to six. Next, the approach identifies key institutional features that influence the business systems. Finally it results a matrix that shows, which types of business system are most likely to emerge in the respective institutional settings. This concept builds one of the major theoretical backgrounds to the present dissertation to answer the research questions. Thus, the concept is important in relation to the remaining theoretical background in chapter 2, as it is sort of the fundament to the research approach in this dissertation. In chapters 3 ("US MNCs: The National Business System and Home-Country Effects in Transfer of HRM Practices") and 4 ("Selected National Business Systems and Host-Country Effects in the US MNC Literature") the national business systems of the 4 countries relevant (United States of America, Germany, France, and Switzerland) will be discussed in more detail.

Prior to that, the next sub-chapter presents the micro-level approach to the overall topic (transfer of HRM practices in MNCs) as a complementary element to the institutional approach presented above.

Table 2.4: Connections between institutional features and business system characteristics

(Whitley 2000, p. 56)

Institutional features	Business-system characteristics									
	Direct owner control	Market owner control	High ownership vertical integration	High ownership horizontal integration	Low alliance vertical integration	High competitor collaboration	Low alliance horizontal integration	High employee inter-dependence	High delegation to workers	
The state										
Dominant, risk-share state	+	-	+		+	-	+			
Antagonistic to intermediaries					+	-	+	-		
Formal regulation of markets				-		+		+		
Financial system										
Credit based		-	+	-		+		+		
Capital-market based	-	+		+	+	-	+	-		
Skill development and control system										
Strong public collaborative training system						+		+	+	
Strong unions				-				+	+	
Strong skill-based groupings						-		-	+	
Centralized bargaining by sectors				-		+				
Trust and authority										
Low trust in formal institutions	+	-			+	-	+	-	-	
Paternalist authority relations	+	-							-	
Communitarian authority relations				-				+	+	

Table 2.5: Institutional features associated with different types of business system
(Whitley 2000, p. 59)

Institutional features	Business-system characteristics					
	Fragmented	Coordinated industrial district	Compartmentalized	State organized	Collaborative	Highly coordinated
The state						
Strength of state's coordinating and developmental role	Low	Considerable locally, limited nationally	Low	High	Considerable	High
Strength and incorporation of intermediaries	Low	Considerable locally	Low	Low	High	High
Strength of market regulation	Low	Considerable locally	Low	High	High	High
Financial System						
Capital market or credit based	Low risk-sharing by banks	Some local bank risk-sharing	Capital market	Credit	Credit	Credit
Skill development and control						
Strength of public training system	Low	High	Low	Limited	High	Limited
Union strength	Low	High	Low to some	Low	High	Some
Dominant organizing principle of unions	Varies	Skill/sector	Skill	Employer	Sector	Employer
Centralization of bargaining	Low	Low	Low	Low	High	Low
Trust and authority						
Trust in formal institutions	Low	Some	High	Limited	High	Some
Paternalist authority	Some	Variable	Low	High	Low	High
Communitarian authority	Low	Limited	Low	Low	High	Some
Contractarian authority	Limited	Variable	High	Low	Low	Low
Typical business environment	Particularistic	Locally collaborative	Arm's length	Dirigiste	Collaborative	State guided

2.1.3 Adding the Micro-Political Perspective

The important thing to keep in mind is the goal of this dissertation and the related research questions. All the concepts considered shall contribute to the understanding of transfer of HRM practices in MNCs. The micro-political perspective is to be understood as complementary to the comparative institutionalist approach discussed previously (Ferner et al. 2005a, 2012). The present sub-chapter outlines the added aspects of the “power and politics”-level. At this level the concept of transfer of practices is already considered, a concept that for the institutionalist perspective will be discussed in more detail in the following section.

Where the comparative institutionalism shows the “importance of contextual rationalities shaped by home and host-country institutions” the micro-political perspective considers “actors and contexts beyond national institutional influences and analyze[s] dynamic and conflicting issues in emerging transnational social spaces” (Dörrenbächer and Geppert 2009, p. 102). Morgan (2007) argues in the same direction by emphasizing the importance of the actor perspective. Similarly Geppert and Clark (2003) see the “knowledge transfer and management learning [...] understood as socially constructed processes”. This approach is one layer below the institutions where “managerial decisions are [seen as being] influenced by the institutions from the nation state” (Dörrenbächer and Geppert 2009, p. 101).

The micro-political approach has been developed in more recent studies. As an outlook to the literature review in this sub-chapter one can say that in the center of interest are the “transnational social space” (Morgan 2001) and the “contested terrain” (Morgan and Kristensen 2006) of MNCs from a bottom-up view. Thus we are talking about an intersectional area of power of actors, local resources, actor’s interests, conflicts within MNCs, strategies and politics of key actors, actors’ careers etc.

Scholars of the micro-political approach (Geppert and Dörrenbächer 2011, Dörrenbächer and Geppert 2006, Becker-Ritterspach and Dörrenbächer 2011) point to the fact that the institutional approach is somewhat enlarged by a perspective paying attention to the principal-agency relationship between headquarters and local subsidiaries. Thus actors’ interests are being considered or as Dörrenbächer and Geppert (2006) put it: “[It is about] bringing back the actors and examining the conflicts that emerge when powerful actors with different goals, interests and identities interact.” Those ideas do not enter in conflict with the institutionalist approach, as the micro-political approach considers MNCs neither as “footloose” structures, the MNC is rather defined as “federation of national companies” that is not under full control of the headquarters (Geppert and Dörrenbächer 2011, p. 23). This view of the MNC shows the space that is open for actors involved in this “micro-political game”, where “actors are bound by rules, restrictions and resources” but still “these structural limitations also provide certain liberties [...] that can be used for the implementation of actors’ tactics and strategies (Dörrenbächer and Geppert 2006, p. 256). This is in line with what Kristensen (Morgan and Kristensen 2006, Kristensen and Zeitlin 2005) calls the contested terrain of MNCs, in which “administrative heritage”, “political contestations” and the “social actors” play a crucial role. In fact, the micro-political approach and comparative institutionalism have a lot of intersecting areas, which “makes it also difficult to draw a clear line between institutional and micro-political approaches on headquarters-subsidiary conflicts” (Blazejewski and Becker-Ritterspach 2011, p. 161). “Institutions enter into these processes, firstly as co-constitutors of the set of actor/groupings and their mutual roles and identities, secondly as forms of restriction on the choices actors make, thirdly as resources that empower actors and finally as rule givers for the games that emerge” (Morgan and Kristensen 2006, p. 1473).

Basically one can highlight three major concepts that are added by the bottom-up view: conflict, power resources, and key actors. Conflicts, as mentioned above, can emerge from different interests or goals. Their outcomes are not necessarily harmful. To analyze conflict, powerful and relevant “key actors” with their own “historical and temporaneous experience”

(Clark and Geppert 2006) and different biographical backgrounds are in the center of interest as they manage the different resources allocating different levels of power to the actors (Blazejewski and Becker-Ritterspach 2011). Those three concepts are discussed in more detail in the literature review continued below.

Before discussing some of the concepts in more detail, one important remark has to be made. Talking about transfer of HRM practices scholars like Ferner and Edwards (e.g. Edwards and Ferner 2002, Ferner 2000, Edwards et al. 2006) have published a series of papers contributing to the understanding of transfer of HRM practices. These contributions will be discussed in sub-chapter 2.2 “Transfer of HRM Practices in MNCs” and draw from the institutional and organizational perspective. As such one could consider them as meso-level. But as defined in the introduction to this dissertation, the differentiation will be made between macro- and micro level only, by always specifying the subject-matter discussed (see sub-chapter 1.3.3 “Further Selected and Relevant Terms and Definitions”).

The micro-level approach contributes to the understanding of transfer of HRM practices in the way that it sheds light on the actors’ perspective (bottom-up) on the matter. Intuitively one can understand that when two parties disagreeing on a practice, the transfer of this practice from party A to party B will be influenced by some personnel or political actions. This is in very simple words the underlying idea of the actor perspective presented hereafter, outlined in a more complex and appropriate manner. Thus, one of the main contributions of this perspective comes from the understanding of the concept of conflict.

Based on various authors, Schotter and Beamish (2011, p. 195) defined conflict as: “awareness on the part of the parties involved of discrepancies, goal incompatibility, or irreconcilable desires. Conflict is based on interest divergence, information asymmetry between actors, or perception gaps of more than one party with an interdependent relationship.”

Conflict does not necessarily have to be negative. It is “a normal consequence of managing” that firms should “internalize” rather than eliminate. (Schotter and Beamish 2011). Conflict can have many sources. It follows a presentation of different concepts that can explain the provenance of conflict in the context of multinational corporations. Blazejewski and Becker-Ritterspach (2011) give an overview of different theories in management that explicates sources of conflict. Those theories are combined with findings of other authors in the field of “power and politics” in MNCs.

Contingency theory

The basis of this theory is a company which faces two different environmental forces, as for example pressures from headquarters of the MNC (home-country) and pressure from the institutional setting in the local subsidiary environment (host-country). Bartlett and Ghoshal (1989) name these forces “forces for global integration” and “forces for national differentiation” (see sub-chapter 3.3 “Convergence versus Divergence and Local Responsiveness versus Global Integration Debates”). Those forces need to be managed within an MNC because in an environment according to what Morgan (2001) describes as the “transnational social space” those forces leave actors space for interpretation. As interpretations of the actors diverge, conflict can arise. To avoid insolvable conflict, the mindset of managers, according to Bartlett and Ghoshal (1989) need to be socialized, as it is what the authors call the “global glue” of the MNC. For them, only formal mechanisms of control are not enough to manage the multi-pressure situations. The management of headquarter should be such, that conflicts do not have dysfunctional outcomes. “The integration-responsiveness frame work emphasizes important sources of conflict in headquarters-subsidiary relations that derive from different strategic environments and the corresponding structural embeddedness of actors in MNCs.” (Blazejewski and Becker-Ritterspach 2011, p. 153)

Agency theory

A second theory that can be used to explain conflict in a firm's multinational environment is "agency theory". "Within the MNC, headquarters (as principal) delegate decision-making responsibilities to the subsidiary (the agent)." (Mudambi and Pedersen 2007) Conflicts in agency theory are referred to as "agency problems", which can emerge when goal differences, information asymmetry, risk preferences are present or simply when verifying agents activities is too costly or not possible (Blazejewski and Becker-Ritterspach 2011). "Prima facie headquarters-subsidiary relationships in an MNC are a particularly rich field for agency-theory-based conflict research [...]" (Blazejewski and Becker-Ritterspach 2011, p. 154). Mudambi and Pedersen (2007) point to the limits of the principal-agency approach which is mainly that there is a hierarchical view that puts headquarters in a "power-over" structure, having a dominant position over the subsidiaries. This is only partly true as the concept of power-resources outlined in a later paragraph below will demonstrate. On the one hand subsidiaries are to some extent power-constrained by institutional settings and MNC's policies and strategies, but there is still room for negotiation as local power resources play a central role (Geppert and Williams 2006). Even though there are some limits to the principal-agency approach, it still serves as a valuable approach with a clear conceptualization on which further insights can be gained. Some related concepts to the agency approach are actors' interests, social political processes, and the different roles of actors.

Blazejewski (2009) proposes a framework to better understand conflictual interests of actors in institutional contexts. This concept adds to the "aggregate concepts" of the institutionalist approach and proposes that the idea of determined practices through institutional settings should be altered and a more situational and actor based view needs to be applied.

Her argument is that actors do not fully depend on institutional setting, but actively "shape their contexts through processes of selective perception, interpretation and practice" (Blazejewski 2009, p. 231). As figure 2.4 "Actors' interests" shows, global, national and local institutions build and influence situations and micro-settings in which actors agitate and shape the mental programming (interests, models and routines) of actors although micro-settings provide room for manoeuvre for actors.

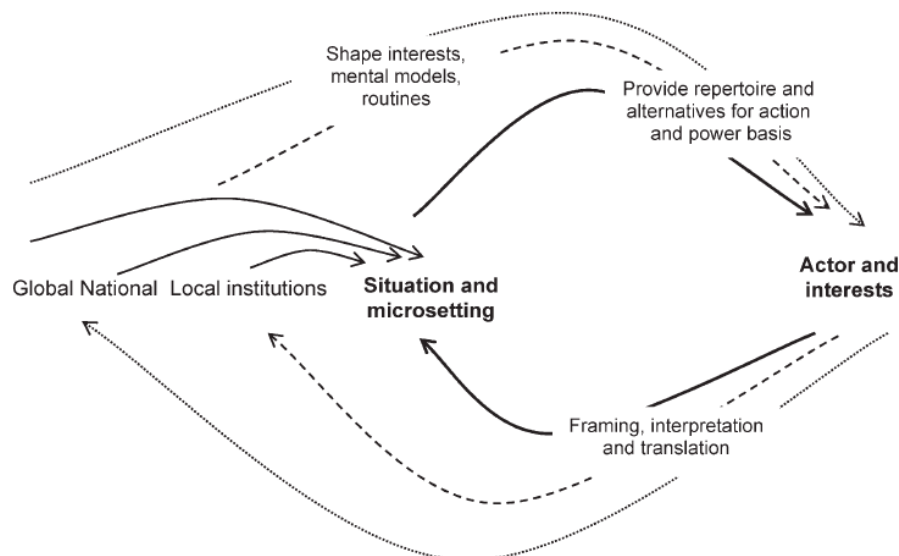


Figure 2.4: Actors' interests

(Blazejewski 2009, p. 233)

At the same time actors shape with their actions and interpretations the situations and the contextual settings. The different shapes of arrows show the different strength of interrelation between the elements.

This framework (Blazejewski 2009) shows that actors are not submissively players to the MNC but are active players in the social construct of the MNC and brings a more dynamic perspective to the existent literature. From this dynamic perspective it becomes clearer that heterogeneous interests might emerge that lead to different actions and thus to conflicts in the actors' environment.

Another aspect of having an actor-centered view is the socio-political processes between actors when it comes to balance out and use power resources in the MNC environment. Clark and Geppert (2006) in their study of post-socialist cases show that transfer of knowledge and learning of practices does not follow the traditional hierarchical view of headquarters-subsidary relationships. The main question they rise is about who holds the power in such a socio-political processes. Again "asymmetries in knowledge and other non-capital contributions" (Clark and Geppert 2006, p. 344), goals and interests of actors can play a central role for emerging conflicts.

As outlined above the actors' interest can have an impact on conflictual situations. To understand those interests the different actors' roles are evidently important for the analysis of possible interests. Similarly to Geppert and Williams (2006), Dörrenbächer and Geppert (2009) "see actors as bound to rules, restrictions and resources [...] however, such structural ties do not foreclose systematic and individual variations in actor demands and behaviors". With the focus on the subsidiary managers the authors see three main tasks to be fulfilled: sensors and interpreters of local opportunities, builders of local resources, and contributors to active participants in global strategy developments within the MNC (see as well Ferner 2000). According to Dörrenbächer and Geppert (2009), how those tasks are translated into initiatives depends amongst other impacts on the subsidiary manager's nationality, career ambitions and career orientations. "Formation and translation of subsidiary initiatives by top foreign subsidiary managers are selectively and reflexively constructed by integrating personal interests, different social practices within the MNC as well as institutional and socio-economic patterns relevant to the MNC and the subsidiary" (Dörrenbächer and Geppert 2009, p. 107). What we can draw from this is that agency matters (Birkinshaw and Fry 1998). Further Dörrenbächer and Geppert (2009) claim that local subsidiary managers do somewhat influence the game by their general motivation to take initiatives, the kind of initiatives they take and the way they invest themselves in subsequent negotiations with headquarters.

Morgan and Kristensen (2006), when discussing transfer of practices from an actor perspective, argue that actors in liberal market economies (LME) have only little room and capacity for resistance to transfer as opposed to coordinated market economies (CME). They distinguish two different general strategies of local subsidiary managers responding to transfer practices: Boy Scout subsidiaries – following in general the demands of the head office and Subversive subsidiaries – with managers being more able to mobilize resources to resist transfer of practices. In a next step the concept of resources will be discussed.

Local power and resources

One of the main arguments for key actors to act in their interest, to negotiate or influence the socio-political games in MNCs is the power and resources they can draw on. One concept used in the "power and politics" discussion within the micro-level approach is called "Resource Dependency Theory" and goes back to Pfeffer and Salancik (1978). This theory assumes that organization comprise internal and external coalitions emerging from their social exchanges and formed to influence behaviors, organizations have an operating environment that contains scarce and valuable resources critical for the survival, and organizations seek to minimize dependence on other organizations by acquisitions and control over resources that help to pull in this direction. According to Mudambi and Pedersen (2007) this again questions basically the hierarchical approach to the headquarters-

subsidiary relationship. In fact this view moves decision-making processes away from efficiency principles towards a more political thinking. Generally spoken, access to resources brings power to the resource-holder. This is basically a source of conflict when goal incompatibility between headquarters and subsidiaries emerge (Schotter and Beamish 2011). Aspects to consider according to the same authors are besides goal incompatibility perception gaps, threat to decision-making authority, communication problems, and negative effects on control and coordination. As a reaction to conflict and intervening headquarters, several tactics can be applied by the subsidiaries: ignoring – conducting business as usual, shifting emphasis – distraction tactics to avoid further intervention, ceremonial adoption – pretending to adopt practices (see as well sub-chapter 2.2.2 “Transfer results of different practices”), obstructing – rejection of intervention, and attacking – discrediting the orders. Each of these tactics has obviously a different influence on the tension building in a conflict situation. Schotter and Beamish assess those tactics against subsidiary power (Figure 2.5 “Relationship between subsidiary power and the use of tactics”).

Again, power-resources can lead to different political games within MNCs. Dörrenbächer and Gammelgaard (2006) in their research mention the role of the subsidiary that can be at stake depending on the power proportions between headquarters and subsidiaries. The role of the subsidiary depends on the market, the product, and the value-adding scope of a subsidiary. These power resources and localization advantages can change over time (Birkinshaw and Fry 1998). The power resource is heavily impacted by the embeddedness of the subsidiary but as well on the strategic decisions from the headquarters. Becker-Ritterspach and Dörrenbächer (2009, 2011) argue that due to overlaps within the product, market and technology dimension between subsidiaries, intra-firm competition can emerge. Then a long-term upgrade or downgrade of the local subsidiary is at risk. Dörrenbächer and Gammelgaard (2011) argue that this so called charter losses of subsidiaries are another source of conflict. Schmid and Daniel (2011) mention the charter-loss related perception gaps on subsidiary roles that are a possible driver of conflict in such situations as well. This “contests the unrealistic notion that MNCs are uniform actors that are entirely shaped by structural conditions” (Becker-Ritterspach and Dörrenbächer 2009, p. 204).

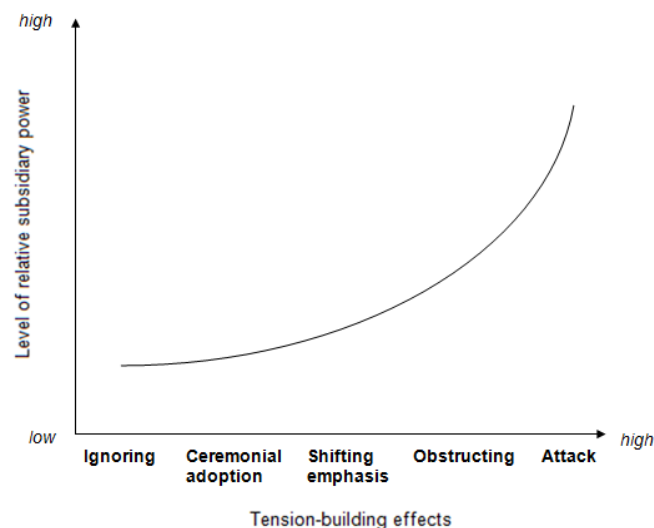


Figure 2.5: Relationship between subsidiary power and the use of tactics
(Schotter and Beamish 2011, p. 221)

As outlined above there is an intersectional area between the institutional surrounding of an MNC and its actors. Ferner et al. (2012) propose a heuristic model that shows patterns of transfer outcomes of this institutional-actor interplay. The article by these authors is to be understood as a critic to neo-institutionalism where the concepts of power and interest of actors are neglected. Ferner et al. (2012) see different outcomes of practice transfer in MNCs: practice adaptation, i.e. a modification of the original practice in the course of implementation; practice hybridization, i.e. combining practices with host-country elements; internalization, referring to the extent of assimilation of the practice; functionality, referring to the question of the performance of the practice in the intended sense. The authors see mainly 3 power dimensions related to the involved actors that will eventually shape the transfer outcome: power of resources, power of processes, and power of meaning. The listed power areas are explained hereafter.

All three sources of power enable actors to either shape institutional setting and/or outcome of transfer processes and can be held by actors at both sites HQ and subsidiaries. To understand the transfer outcome Ferner et al. (2012) propose to find answers to two main questions: What power capabilities do actors possess? What interests of actors are present? The first question relates to the above listed power dimensions which can be summarized from Ferner et al.'s (2012) article as follows:

Power of resources: For HQ actors this can be the position to exert dominance effects (see sub-chapter 2.3 “Four Key Influences on HRM Practice Transfer”) or holding lobbying capabilities to be active on the macro level, and holding control of e.g. financial or material allocation power to influence transfer on the micro level. Subsidiary actors might have special expertise or knowledge, or contribute to the MNCs financial results with outstanding performances, which gives them the power of resources to influence transfer outcomes.

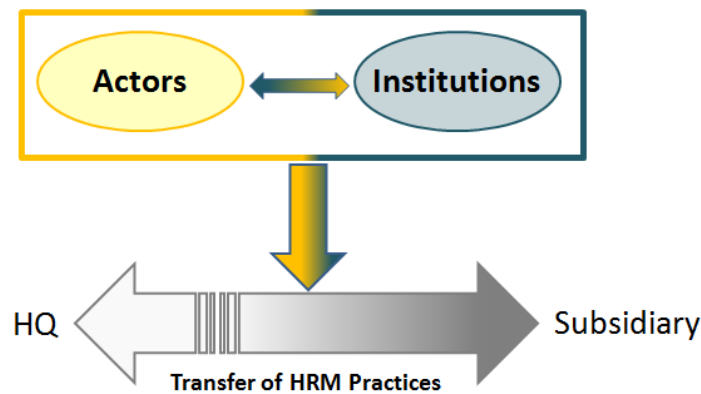
Power of processes: HQ actors might engage in regulatory and normative bodies (macro-level influence) or just have formal authority over subsidiaries to shape transfer outcome. Subsidiary actors on their side might also engage in regulatory bodies (macro-level) or gain legitimacy and power of process by delegated authority such as mandates.

Power of meaning: HQ actors as part of global acting companies might create cognitive and normative frames (macro-level) and spread meaning within the organization with mission statements, visions, values and a strong corporate culture. Subsidiary actors at their end are then free to interpret those concepts their “local way”. “Meanings are also referred to by social analysts as culture, norms, understandings, social reality, and definitions of the situation, typifications, ideology, beliefs, worldview, perspective or stereotypes” (Krauss 2005, p. 762).



*Figure 2.6: Micro-political power dimensions
(own illustration based on Ferner et al. 2012)*

Ferner et al. (2012), based on the above outlined idea of power and interests propose a framework which helps to predict transfer outcomes in the described actor-institutional interplay. They therefore propose to take into consideration HQ's desire to transfer a practice, modified institutional distance, based on Kostova's (1999) concept of institutional distance enlarged by considering power of actors to shape institutions, HQ's and subsidiary's power capabilities, interest divergence between HQ and the subsidiary, and the interest homogeneity in the subsidiary. The ideas underlying the proposed concept by Ferner et al. (2012) can be visualized by figure 2.7 "Actor-Institution interplay moderating transfer of practices".



*Figure 2.7: Actor-institution interplay moderating transfer of practices
(own illustration based on Ferner et al. 2012)*

A last aspect to be added here related to the concepts of meaning is what Geppert (2003) called "sense-making and politics" a concept he laid open in a comparative analysis study. In contrast to the assumption that MNCs become increasingly global enterprises he suggests that with "discursive practices and linguistic aspects" actors exert political influence also in defense of locally rooted patterns and practices by the use of language. Thus actors shape also environments and possibly the transfer of practices within an organization not only by decision taking but also in interacting processes with other actors. Thus "political discourse" within an organization shall not be neglected when it comes to analyzing the transfer of practices. Dörrenbächer et al. (2014) highlight the fact of subsidiaries using issue selling tactics tailor made to their context in order to achieve successful results in defending, consolidating, or developing mandates. According to the authors the success depends from three selling phases: attracting headquarters attention, helping headquarters to understand the issue, and lobbying for the initiative.

In summary of this sub-chapter one can say that "actors and institutions are co-generative. Actors' identities and interests are shaped by the broader institutional environment, and should not be considered as fixed or exogenous. Likewise, institutional analysis must take seriously the constellations of actors within a given institutional domain, and their interactions." (Jackson 2010, p. 70)

Important concepts as dual pressures from home and host countries, actors' roles and interests, socio political processes, localization advantages and power resources, subsidiary role development and intra-firm competition, and more add to the previously outlined institutional approach and shall be considered in the present case study.

In the present part the differences and commonalities between cultural, institutional and micro-political approached were discussed. The frameworks were outlined with the aim to

contribute to the theoretical basis in this dissertation that helps to understand the transfer of HRM practices in multinational corporations. In the following sub-chapters the concept of transfer is further discussed.

2.2 Transfer of HRM Practices in MNCs

With regards to the topic of this dissertation two (MNCs and HRM) of the three concepts have been discussed in detail in the previous sub-chapters. Besides a detailed understanding of MNCs and HRM in the context of this dissertation, the main influences on HRM practices in multinational corporations have been described in the preceding sub-chapter. It was explained that a distinction between culturalist, institutionalist and micro-level approaches can be made.

The third concept according to the title of this work, namely the concept of transfer, is the subject to be treated next. Instead of attaching other notions to the term of “transfer”, the concept will be defined and discussed by answering questions about “why”, “what”, and “how” to transfer HRM practices and what is resulting, thus leaning on a structure, Yu and Wu (2009) have used in their review. In the micro-level approach discussed in sub-chapter 2.1.3 “Adding the Micro-Political Perspective” transfer under micro-level influences has already played a role, and will only be marginally discussed in this sub-chapter. While the present part will on the one hand discuss the concept of transfer in relation to comparative institutionalism, on the other hand the link between the institutionalist approaches to the topic of HRM practices in MNCs shall be made.

As an introduction the question of how the NBS framework can be linked to the transfer of HRM practices in MNCs shall be resolved from a general point of view. MNCs “should be seen as having ties to multiple countries” they are “embedded in [the respective] national business systems” and “it is therefore necessary to compare [their] behaviour across different [...] country environments” in order to “understand the dynamic interplay” (Almond et al. 2005, pp. 277-278). Based on the NBS framework authors as Wächter et al. (2003) argue that the business systems shape companies which originate in it and therefore practices of the companies are formed. Institutional approaches and transfer of HRM practices in MNCs has been a combination examined by different authors (e.g. Barmeyer and Davoine 2011, Pudelko and Harzing 2006, Wächter and Peters 2004, Kostova 1999). Transfer of practices in a multinational environment is subject to contextualization with home- and host-country environment playing a central role (Tempel et al. 2005, Kostova 1999 – see as well sub-chapter 2.1.1 “Research Streams: Culture, Institutions and Micro-Politics” Figure 2.2: “Institutional perspective on HRM”). Nevertheless, as outlined in sub-chapter 2.1.3 “Adding the Micro-Political Perspective”, “actors at all levels of the organization will always retain some scope to pursue aims and goals of their own” (Almond et al. 2005, p. 282). This is in line with the much quoted statement by Scott (1995, p. 123) that actors should not be seen as “passive pawns” in the game.

Having linked the comparative institutionalist approach to the field of transfer of HRM in MNCs the next section shall give answers to the questions of “why, what and how to transfer” HRM practices within MNCs.

2.2.1 Why, What, and How to Transfer

Why?

Yu and Wu (2009) distinguish three major reasons why MNCs intend to transfer HRM practices within their organizations: international competition pressure, international integration and strategies, and organizational policies.

The first “international competition pressure” is basically similar to what DiMaggio and Powell (1993) called “competitive isomorphic” pressure. It is a reaction of companies to competitive pressure to adapt or spread across their organization those practices from which they think will lead to success. Smith and Meiksins (1995) speak about the so called “dominance effect”, referring to the spread of practices across countries, following the example from economically dominant nations. It is the same idea that underlies the concept of “country-of-origin effects” and “reverse diffusion” (Edwards and Ferner 2002) which are explained in more detail in sub-chapter 2.3 “Four key influences on HRM practice transfer”. Bartlett and Ghoshal (1989) and Kostova (1999) both mention the competitive advantage that is being looked for within multinational corporations when transferring practices. The second reason mentioned by Yu and Wu (2009) is international integration and international strategy. The underlying idea is that by transferring practices through the multinational corporation a homogenous setting are established that support successful and consistent business within the company. Almond et al. (2005, p. 281) see the source of this pressure supported in the “reduced cross-national differences in consumer tastes, the deregulation of product markets, and the reduction of tariff barriers”. Another main factor is the management of the MNC. Taylor et al. (1996) mention that practices will only be transferred across borders when management sees a clear benefit from it in the host-country. This is similar to what Dörrenbächer and Geppert (2009) outline in their “engagement of management” (see sub-chapter 2.1.3 “Adding the Micro-Political Perspective”) and leads us to the third reason mentioned “organizational politics”. Again as outlined in the micro-political perspective the reason behind actions within an organization are not always economically in nature, but can be driven by political games and power, and access to resources.

What?

Generally spoken, MNCs seek to transfer those practices which bring some advantage to the organization when spread in the company. This again can be a competitive advantage (DiMaggio and Powell 1983, Bartlett and Ghoshal 1989, Kostova 1999) or an advantage based on organizational structure, as long as management is supportive to it (Taylor et al. 1996). Rosenzweig and Nohria (1994) hypothesized that those practices are primarily transferred in companies for which in the host-country environment are less defined local norms and which aim to maintain an organizational consistency in the organization. This approach is in line with the concept of the host-country effects but has been criticized by authors (Yu and Wu 2009) as it proposes a list of practices transferred first. Again depending on the contextual situation this list of practices might alter from MNC to MNC. For this dissertation the practices as described in the introduction will be relevant and examined.

How?

The focus of the present research is not on how practices are transferred. Nevertheless for the principal of completeness this aspect of transferring practices shall be shortly discussed. The question of “how” practices are transferred is closely related to the mechanisms and tools used to spread practices across organizations. Morgan and Kristensen (2006, p. 1474) distinguish two mechanisms, a “first mechanism is the transfer of practices, policies, processes and work systems sometimes associated with benchmarking procedures that measure factors such as size of the workforce, profitability, inventory, productivity, etc.” This is what can be associated with so called “best practices”. Often the implementation of those mechanisms is subject to “coercive comparison”. The second “category of mechanisms of transfer [is labeled] “transfer of resources” covering financial capital [...], knowledge capital

[...], and reputational capital (the recognition of a particular subsidiary as a leader in its field).” For mechanisms including the concept of benchmarking there is a danger for tension (Morgan and Kristensen 2006, Martin and Beaumont 1999). Yu and Wu (2009, pp. 124-125) who came up with a slightly different categorization mention as well the “socialization of parent company’s culture”, a mechanism that often involves transfer of personnel and/or expatriates and which is in line with the concept of “country-of-origin”, discussed in more detail later in chapter 2.

After discussing the important questions on why an HRM practice transfer does occur at all, on what occasions and how the processes are we will discuss in the next sub-chapter what different results we can find once the transfer has taken place.

2.2.2 Transfer Results of Different Practices

As a general notion transfer is understood to bring something from one place to another. In the context of HRM practices, transfer is bound to an intangible subject, which makes it more difficult to assess. A physical object is transferred when its material body reaches the new destined place. But how do we evaluate the result for a transfer of something intangible like a HR practice?

The main concept to be considered in replying to this question comes from Kostova and Roth (2002) who address the so called “adoption” of HRM practices at MNC subsidiaries. Kostova comes traditionally from a neo-institutional background but presents a framework which takes into consideration the micro-level perspective. The basic idea is that both institutional settings and actors’ behavioral response determine whether and how practices are transferred from the headquarters to local subsidiaries. As noted earlier in this dissertation (see sub-chapter 2.1.1 “Research Streams: Culture, Institutions and Micro-Politics”) the concept of “institutional duality”, which can be described as “distinct sets of isomorphic pressures” from the home- and the host-country of the MNC, is of importance (Kostova and Roth 2002, p. 216). Within this conflictual area the subsidiary needs to fulfill expectations in adopting practices. Kostova and Roth (2002) distinguish three different stages of practice adoption: pre-institutionalization – where a limited knowledge of the practice is present, semi-institutionalization – where some degree of normative acceptance is present, and full institutionalization – where a practice is adopted. In the context of institutional duality with different isomorphic pressures the adaptation of a practice can be moderated by different factors and as a result the adaptation is situated somewhere between the two poles of “implementation” (in the external view implemented as required) and “internalization” (implemented with commitment from the recipient unit).

Besides the institutional context as described above, Kostova and Roth (2002) add as well a relational context to the model, and thus complement the model with the micro-perspective. The concepts of “dependence” (of the subsidiary from the headquarters), “trust” (between subsidiary and headquarters), “identification” (state of attachment to the parent company) and “ceremonial adoption” (adoption of practices without real belief) are central. The relational context is highly influenced by the actors in play.

What results from these institutional and relational context are different forms of adoption of practices, which are: active adoption – which is the deepest level of adoption of practices, minimal adoption – implementation and internalization are low, assent adoption – even though the belief in the practice exists but there is low behavioral response due to unfavorable context, and ceremonial adoption – high level of implementation but low level of internalization.

Given the combination of the two perspectives (institutional and micro-level) enfolded in the framework of Kostova and Roth (2002) it is appropriate to consider it for the research presented in this dissertation.

Chung et al. (2014) recently argued that the outcome of practice transfer in a multinational context is not black or white. With their concept of hybridization they show in a study that a

“localization” of home-country practices is allowed as long as this would not counter a best practice approach by the global organization. As the concept of hybridization might be the ultimate answer to all questions of adaptation it does not prevent a thorough analysis to be done as proposed by our study in a more detailed way in order to understand the mechanisms behind a certain transfer outcome. Those mechanisms to come into play with an interaction between institutional and micro-level effects.

Following to this discussion on transfer of HRM practices the content of the next sub-chapter are the four key influences on transfer of HRM.

2.3 Four Key Influences on HRM Practice Transfer

In the previous section the concept of transfer of HRM practices in MNCs has been explained. In the present part the four major influences on the transfer are discussed by keeping in mind the underlying institutional and micro-perspective theoretical background. Four key influences on HRM practice transfer can be distinguished (Almond et al. 2005): country-of-origin effect, home-country effect, dominance effect, and pressure for international integration. These effects have been considered by different researchers in the field who applied a comparative institutional approach to the topic (see. e.g. Barmeyer and Davoine 2011, Wächter and Peters 2004, etc.).

Country-of-origin effect

The country-of-origin effect can be defined as the behavior in MNC subsidiaries “traced back to the characteristics of the national business system from which the MNC originates” (Almond et al. 2005, p. 279). This concept has been questioned as MNCs in some strands of research (see e.g. Mudambi and Pedersen 2007) are not considered as hierarchical constructs anymore. However “capital provision remains predominantly based in the country of origin and control tends to be exerted by national of the home-country” (Almond et al. 2005, p. 279) which is an indicator for the persisting relevance of this concept. Although this is a strong argument for the country-of-origin effect, the question remains for other aspects of management in the complex organizations of MNCs to what extent do MNCs continue to be rooted in the home-country or how far are they going in absorbing host-country patterns (Ferner 1997). This leads us to the second key influence, namely the host-country effect.

Host-country effects

This effect stems from the fact that, as outlined previously in this dissertation, the national business system of the host-country influences the ability of the subsidiary to absorb HRM practices (Edwards and Ferner 2002). This effect has also been described as the “openness” of the host-country context towards home-country practices (Almond et al. 2005). Host-country business systems are, similar to home-country business systems, sources and constraints of practices at the same time. Almond (2011) argues that besides the institutional shaping of the rules of the game the subjective interpretations of local actors plays a role as well. Again this argument speaks for a dual approach of institutionalism and micro-level perspectives to be applied when analyzing HRM practice transfer in MNCs. In reality these two factors lead to hybrid forms of management, based on the managers’ room of action, and can make the task very hard to make the two effects (micro-level and macro-level) detachedly visible. In other words, this “hybridization can result from institutions or from socialized rationalities, or even from strategic segmentation of HR policies (Almond 2011). The so called host-country influence can lead to what is called “reverse diffusion”, which is the “transfer of practices from foreign subsidiaries to operations in the country of origin” (Edwards et al. 2005, p. 1261). Edwards et al. (2005) argue that this effect is even more possible when the MNC is originated in so called “liberal market economies” (LME – see as well sub-chapter 2.1.1 “Research Streams: Culture, Institutions and Micro-Politics”) where the institutional constraints are less present than in coordinated market economies, and

where changes in systems and strategies of organization are more frequent. The same authors distinguish between evolutionary reverse diffusion – “that is directed towards an optimal mix of practices within an existing modus operandi”, and transformative reverse diffusion – that “shifts the firm to a new modus operandi, thereby bringing about more radical change” (Edwards et al. 2005, p. 1263).

Dominance effect

The “dominance effect” was mentioned in the introduction of this dissertation. It describes the fact of (economically) dominant states to exert organizational, political and technological influences that disperse internationally. In our context of HR practices the dominance effect is important for those HRM practices that are seen to contribute most to the success of companies in the dominant countries (Almond et al. 2005). This concept is as well in line with the “reverse diffusion” to the effect that the subsidiary of a multinational firm might be located in a “dominant” state and therefore exerts a reverse transfer of practices (Edwards and Ferner 2002). Pudelko and Harzing (2007) found in their study the dominance effect to be stronger than country-of-origin impacts.

Pressure for international integration

This key influence was already picked out partly in sub-chapter 2.2.1 (“Why, What, and How to Transfer”) and can be ascribed to the pursuit of competitive advantages in an environment where markets converge. This pressure is stronger in some sectors than in others again depending on the convergence present (Edwards and Ferner 2002). As cited above, Almond et al. (2005, p. 281) see the source of this pressure supported in the “reduced cross-national differences in consumer tastes, the deregulation of product markets, and the reduction of tariff barriers”.

Keeping in mind that not only institutional pressure shapes the transfer of practices but as well micro-political games do, as discussed earlier, another institutional concept is to be mentioned here. Kostova (1999) brought up the idea of the so called “institutional distance”, describing the more or less pronounced differences between two institutional settings. This “institutional distance” can as well exert an influence on the transfer of HRM practices in MNCs.

This part gave an overview of possible influences on transferring HRM practices in MNCs from an institutional point of view. Possible micro-level impacts on this transfer process were discussed in previous sections. Next we enter a detailed discussion on power and politics in MNC literature where a differentiation and categorization of different impacts will be made.

2.4 Power and Politics in the MNC Literature

The present chapter gives an overview of actor-related effects found in the literature with regards to transfer of (HRM) practices in multinational companies. Where the chapters on home- and host-country effects are heavily linked to the context of US MNCs, this chapter includes a less narrow view on the topic also including other countries than the 4 (US, Germany, France, and Switzerland) forming the empirical field for the study at hand. Why? As discussed in previous chapters the actor-based (bottom-up) view on the influence of transfer of management practices gained bigger interest only recently. There exist several models explaining possible impacts of power and politics of in multinational companies on the transfer of management practices. The major contributions in this field can be traced back to the group of researchers including Dörrenbächer (e.g. Dörrenbächer and Gammelgaard 2006), Geppert (Geppert and Dörrenbächer 2011), Ferner (Ferner et al. 2012), Edwards (Edwards et al. 2006) and Almond (Almond et al. 2005). Although there were a lot of valuable contributions in understanding the micro-political view in MNCs the desk

research for this dissertation shows that the field is still lacking in comprehensive studies depicting well described micro-political effects.

The following overview of what is called in this dissertation “actor effects” (non-institutional, actor-related effects, based on the power to influence the transfer of (HR) management practices) is grouped in three categories: subsidiary roles and global integration, management behaviour, and symbolic effects. All of those categories are somehow related to the political games and power resources influencing the outcome of transfer of (HRM) practices in MNCs and have in common that the concept of conflict (see also sub-chapter 2.1.3 “Adding the Micro-Political Perspective”) is a present element included. Further the described “actor effects” hereafter are not narrowed down to outcome of HR-practice transfer but unfold the HQ-subsidiary relationship as a whole.

2.4.1 Subsidiary Roles and Global Integration

This group of “actor effects” is strongly related to some of the concepts presented by Bartlett and Ghoshal (1989) and discussed earlier in this dissertation, namely the coordination and relationship between HQ and subsidiaries. One important argument Bartlett and Ghoshal (1989) come up with and which points at the micro-political level of the underlying issues is that one need to consider the individual mind-set of actors involved in a transnational functioning of companies. Further the idea of global integration implicitly points to the fact that subsidiaries must also respond to their local context (Blazejewski and Becker-Ritterspach 2011). Schotter and Beamish (2011) conducted a study to detect conflict antecedents and could show some actor effects of interest for the present study related to transfer of practices. First, they found that global integration (including transfer of practices in a broader sense) failed due to the fact that the goals of HQ initiatives were not aligned with the subsidiaries perception of the HQ initiative intention which led to a practice implementation rejection. Thus, the effect could be designed as perception asymmetries, which in case of integration rejection behaviour includes also the idea of decision-making authority and goal incompatibility underlying the initiatives. Another important element Schotter and Beamish (2011) point to are the information asymmetries which can be the source of perception gaps between HQ and subsidiaries. Other effects found by the same authors were communication problems on individual level (not structural) or the lack of linking responsibility of implementing initiatives to the necessary competences thus charging individuals with responsibilities without attributing the respective authority.

Related to the concept of Ferner et al. (2012) which describes the power resources (see sub-chapter 2.1.3 “Adding the Micro-Political Perspective”) are effects found by Dörrenbächer and Gammelgaard (2011) with regards to behavioural choices of HQ and subsidiaries which empower or depower the subsidiaries with a certain initiative influencing force. Those choices are based on the outer (social, economic, competitive, etc.) and inner (structure, culture, political) context. Morgan and Kristensen (2006) refer here to the two poles of behavior “Boy Scouts” and “subversive strategies” with the former describing subsidiaries following the HQ demands without resistance and the latter describing a less HQ-aligned behavior. The underlying reasons will be described in more detail in the section of managerial behavior hereafter. The effect detected by Dörrenbächer and Gammelgaard (2011) and which we refer to here is that the strategic position of a subsidiary can heavily shape the transfer of practices in HRM with the context providing a tool kit to the actors and behavioral choice.

Also considering the idea of perception asymmetries (or in other words perception gaps) of the subsidiary role Schmid and Daniel (2011) found some effects that can moderate the transfer of management practices in MNCs. The authors found in their case study that a mismatch of expectations and behaviour of both parties involved will lead to conflict. Such a mismatch can crystallize in effects such as colliding interests, identity perceptions, imperfect information flow, and dependence on the other party. There are familiar concepts involved

as described above, namely capabilities of the subsidiary (or of the HQ), autonomy degree, and responsibility. Schmid and Daniel (2011) see then the outcome of those effects in conflict situations related to distribution, processes and goals, close to the concept areas presented in the model of Ferner et al. (2012) where the authors propose to analyse the power over resources, processes and meaning in order to gain insight on the micro-political influence on transfer of management practices in multinational companies.

In an earlier published article Ferner and colleagues (Ferner et al. 2004) already broached the issue of the subsidiary autonomy in the area of centralization and decentralization forces in US multinational companies. The authors see the subsidiary autonomy as a negotiated element in micro-political processes where a balance between the poles of integration and autonomy has to be found. Ferner et al. (2004) see subsidiary manager as interpreter of their environment. One of the main findings of the study is further that the involvement of the subsidiary in the policy-making process can influence the integration of the subsidiary. For this it can consequently be assumed that the transfer of management practices is thus also influenced by the significance attributed to the subsidiary in the practice creating process.

Complementary to the above mentioned subsidiary autonomy and the subsidiary's strategic position the role development of the subsidiary is brought into play by Dörrenbächer and Gammelgaard (2006). This role development has then again an impact on the power of negotiation influencing the transfer of management practices. Specific subsidiary capabilities, localization advantages, and headquarter strategies have an influence on the subsidiary role development (Dörrenbächer and Gammelgaard 2006).

2.4.2 Management Behaviour

The second group of actor-related effects is labelled "management behaviour" referring to the more or less direct influence on the transfer of management practices by the individuals involved in the process of transfer. Intuitively these effects can be understood quite easily as managers, like individuals in other situations, with their own interests and their own sources of power will act in a way to route outcomes of a negotiation process, in this case transfer of practices, in a direction of preferred results.

Morgan and Kristensen (2006) distinguish, as described above between two sorts of subsidiary managers' behaviours: Boy Scout behaviour, referring to managers that do as they are told. This behaviour would lead to what the authors call clones of subsidiaries as all HQ demands are implemented in the foreign organisations. Subversive strategies, referring to a more locally rooted behaviour of subsidiary managers, which enfold also resisting the transfer of management practices. The concept is based on institutional duality, a situation created with two different institutional settings in the home- and the host-country. The idea we can gain from the Morgan and Kristensen (2006) concept is that "actors' socialization" plays a role, their interests are constructed and shaped by the respective institutional context. Duality of actors' socialization can be described with another term used by the same authors "clash of actors" (Morgan and Kristensen 2006, p. 1468). Another aspect described by Morgan and Kristensen (2006) which is interesting in the context of US MNCs is the enhancement of the clash in American multinationals through the pressure from capital market demands to achieve financial results. In those situations of what we label "performance pressure" the extent to which local managers commit to goals of the multinational or rather identify themselves locally, has a massive influence on the practice transfer outcome.

Another actor effect that can be found in the MNC literature is called "actors' interests" (see e.g. Blazejewski 2009). This effect refers to the fact that the transfer of a management practice from HQ to the foreign subsidiary depends also largely on interest of the involved actors. Thereby actors hark back to sources of power available to them in order to shape the transfer outcome according to their interest. Ferner et al. (2005b) in their study found that local managers in a UK subsidiary of an US MNC collaborated closely with the local unions in order resist a redundancy program which foresaw a workforce reduction of a certain

percentage. At the same time in collaboration with the union alternatives were proposed in order to find a compromise with the American HQ. According to Ferner et al. (2005a) the managerial behaviour in such situations of conflict can also depend on former behaviour in similar situations, referring to the concept of path dependency. Blazejewski (2009) enriches the term of “actors’ interests” by enfolded “actors’ preferences”, “actors’ needs”, “actors’ desires”, and “actors’ concerns”. She argues that too often the “local” is used to describe a country rather than the people involved in the processes. In her case study in Opel, Blazejewski (2009) found that the outcome of a conflict does not only depend on the actor’s interest but micro-settings and situations are formed which are influenced by macro- and micro-related effects. Focussing on the micro-aspects, different interest can lead to opposing interpretations of the situation and different outcomes are desired. The final outcome therefore depends on various impacts (see also the model of Blazejewski in sub-chapter 2.1.3 “Adding the Micro-Political Perspective”). Beside “actors’ interests” and the above listed and related concepts, Blazejewski (2009) also names “actors’ biography and personal experience and knowledge” as influencing factors on conflict situations. Sharing the same idea as Blazejewski (2009) Jackson (2010) also sees the interplay of actors and institutions, describing it as a dynamic process and sees actors as having a compromising rationality.

Management behaviour as an influencing factor on management practice transfer is also described by Dörrenbächer and Geppert (2006, p. 256), who see the executives from HQ and subsidiaries as “political brokers” in internationalization games. Subsidiary manager are then, according to the same authors, interpreters of rules in their more receptive position in the practice transfer process, but can weaken, adapt, and modify the outcome referring to sources of power in the local institutional structures. Complementary to the concept of actors’ interest we refer to this effect as to “actors’ rationales”, which are according to Dörrenbächer and Geppert (2006) socially and corporately shaped. This is then again dependant on the country configuration where actors gain resources and capabilities to behave in conflict or transfer situations (Dörrenbächer and Geppert 2006). The same authors bring also the term of “actors’ identity” into play.

Dörrenbächer and Geppert (2009) in a later published article describe the subsidiary actors involved in the practice transfer processes also “sensors and interpreters of local opportunities”, “builder of local resources”, and “contributors to and active participants in global strategy development”. Their activity and influence in the three areas described has an impact on the outcome of management practice transfer in the respective multinational. The authors found different influencing characteristics of subsidiary actors. First, the actor’s nationality plays an important role in the transfer context. Dörrenbächer and Geppert (2009) describe parent country nationals (PCN) as being more favourable to transfer of practices whereas host-country nationals (HCN) are more reluctant in the same respect. The concept of national identity in micro-political games is also mentioned by authors as Koveshnikov (2011) and Williams (2011). Secondly, the actors’ career orientation is named as an influencing factor. Managers to follow a more international career are found to be more favourable to management practice transfer by trend compared to more nationally focussed manager. Thirdly, actors’ career aspiration is named as further influencing factor referring to career steps to be taken, also depending on the career stage of the individual. Dörrenbächer and Geppert (2009) mention also the ability to mobilize other actors’ resources as an influencing factor on management practice transfer within the micro-political set of effect. This effect can be labelled as “actors’ social skills”. In line with what Morgan and Kristensen (2006) call the actors’ socialization Dörrenbächer and Geppert (2009) refer to social practices of involved actors and their socio-political and individual characteristics.

Based on the theory of social capital Fenton-O’Creedy et al. (2011) describe also the actors’ ability of building networks of social relations can have eventually an influence on management practice transfer, taking the discussion away from a single individual to a more group-dynamic political game, where also so called bridging roles of actors might facilitate or hinder the transfer of management practices in multinational companies.

To conclude this sub-chapter it needs to be mentioned again that some the above described micro-political effects found in the literature review need further empirical investigation, something the present study aims to do.

2.4.3 Symbolic Effects

As the title might suggest the so called “symbolic effect” have some intersections with areas of culture and managerial behaviour discussed previously in this dissertation. Nevertheless it is important to have the complete picture of micro-political effects influencing the transfer of HRM practices in multinational companies and therefore it is worthwhile integrating this part.

Symbolic effects involve the actors bearing the symbolic messages and the values and ethics innate to those actors. Quintanilla et al. (2004) speak of the fact of keeping a corporate mind-set as one of the reasons for giving values and ethic importance in a multinational context. The problem thereby is, as we learnt throughout this dissertation, that the sets of values differ from one cultural context to another. There might be global codes of conduct or a strongly rooted welfare capitalism culture but the transfer of those instruments of corporate culture is far from being guaranteed. That is where we are at the core of the so called symbolic effects. Wächter et al. (2004) present in their case study that for instance in Germany culture is seen as something that is growing and establishing over time and that cannot be simply managed. Palazzo (2002) argues in the same direction describing German subsidiary actors as ethics (and culture) not being a matter of the company whereas in the US companies are seen as ethical actors. Palazzo (2002) describes that Germans see the use of business ethics in US companies as a public relations tool and employee motivation but are at the same time wondering how in the country of business scandals (US) the ethical approach is still a flag flying high. The author also describes that for instance Germans are more separating their private from their public sphere. At the same time the ethical behaviour for Germans goes beyond legal requirements, as opposed to the American mind-set in their view. Summarizing this, the effect for this dissertation is named “meaning of culture and ethics”.

Other cultural traits and effects found in the literature research can also be enfolded in this category of symbolic effects. Roche (2013) describes that the ideal way to success, or in other words result achievement, differs from country to country. Where efficiency is dominating the Anglo-Saxon areas the French seek success in style. This effect can be labelled “style of achievement”. Schröter (2013) when analyzing the transfer of practices towards Swiss companies describes the Swiss culture as “consensus oriented”. Swiss people tend to be more seeking reasons behind actions than other cultural areas. This in turn can lead to misunderstandings and to opposition if no reason is attached to demanded behaviour, an effect we refer here as to “cultural opposition”.

Morgan and Kristensen (2006) add an economic view to the micro-political processes. They argue that in certain contexts the economic pressure shapes actors’ behaviours. This aspect combined with different forms of adaptation of practices can lead to different transfer outcomes. Morgan and Kristensen (2006) state that actors are also learning “how to make numbers come out right” which is in itself a symbolic act to escape discussions with HQ. We refer to this effect as to “adapting pleasing behaviour”.

Barmeyer and Davoine (2011) describe in their study symbolic effects of behaviour and effects of cultural identity in relation to the implementation of corporate codes of conduct in German and French subsidiaries of US MNCs. Their resistance analysis shows that cognitive perception patterns of the main actors in such transfer situation exerts an impact on the transfer process. In their case study the local cultural embeddedness of actors what shown in the fact that not all employees signed the code, an act that is symbolic in itself. Referring here to another case that has also been mentioned in the section related to host-country effects (see sub-chapter 4.2.2 German Host-Country Effects) Talaulicar (2009) found in his study that a law case emerged out of a non-conform implementation process of a global code of conduct. Again this is an example of a symbolic effect of behaviour. In line with the

previous example Schotter and Beamish (2011) rejection of initiatives as another symbolic actor-related effect. The authors argue that decisions of HQ that effect (subsidiary) independence face more rejection than what we can call neutral decisions. In the perception of subsidiary actors the purpose of HQ is to add value in order to enable subsidiaries to better performances and not to limit capabilities (Schotter and Beamish 2011).

To conclude this sub-chapter table 2.6 “Actor-related effects (power and politics) in the MNC literature” summarizes the above discussed effects.

Table 2.6: Actor-related effects (power and politics) in the MNC literature

Actor-related effects (power and politics) in the MNC literature	
Subsidiary roles and global integration <i>Referring to:</i> <i>Bartlett and Ghoshal 1989,</i> <i>Blazjewski and Becker-Ritterspach 2011,</i> <i>Schotter and Beamish 2011,</i> <i>Dörrenbächer and Gammelgaard 2011,</i> <i>Morgan and Kristensen 2006,</i> <i>Schmid and Daniel 2011,</i> <i>Ferner et al. 2004,</i> <i>Dörrenbächer and Gammelgaard 2006</i>	perception asymmetries decision-making authority goal incompatibility information asymmetries communication problems linking responsibility to competences behavioral choices strategic position of a subsidiary colliding interests, identity perceptions, imperfect information flow, and dependence on the other party subsidiary autonomy involvement of the subsidiary in the policy-making process role development of the subsidiary
Management behavior <i>Referring to:</i> <i>Morgan and Kristensen 2006,</i> <i>Blazjewski 2009,</i> <i>Ferner et al. 2005b,</i> <i>Jackson 2010,</i> <i>Dörrenbächer and Geppert 2006,</i> <i>Dörrenbächer and Geppert 2009,</i> <i>Koveshnikov 2011,</i> <i>Williams 2011,</i> <i>Fenton-O'Creevy et al. 2011</i>	actors' socialization clash of actors performance pressure actors' interests actors' preferences, actors' needs, actors' desires, and actors' concerns actors' biography and personal experience and knowledge compromising rationality political brokers actors' rationales actors' identity actor's nationality actors' career orientation actors' career aspiration actors' social skills

Actor-related effects (power and politics) in the MNC literature	
	actors' ability of building networks
Symbolic effects <i>Referring to:</i> <i>Quintanilla et al. 2004,</i> <i>Wächter et al. 2004,</i> <i>Palazzo 2002,</i> <i>Roche 2013,</i> <i>Schröter 2013,</i> <i>Morgan and Kristensen 2006,</i> <i>Barmeyer and Davoine 2011,</i> <i>Talaulicar 2009,</i> <i>Schotter and Beamish 2011</i>	meaning of culture and ethics style of achievement cultural opposition adapting pleasing behavior symbolic effects of behavior cultural identity

With the overview of the actor-related effects we close the section on micro-political impacts on transfer of HRM and will next look into the specific national business systems. It follows the presentation of a literature review on home-country effects in an US MNC environment. This will allow us to give partly answer to some of the research questions and to formulate related assumptions when presenting the research framework later on. Before this discussions about convergence or divergence – a discussion encountered above when discussed pressure for international integration – and the trade-off between local responsiveness and global integration are held in chapter 3 along with the presentation of host-country effects in the US MNC literature research (chapter 4 “Selected National Business Systems and Host-Country Effects in the US MNC Literature”). The latter again giving partly answer to research question and allowing to formulate assumptions for the empirical parts.

3. US MNCs: The National Business System and Home-Country Effects in Transfer of HRM Practices

“One have to assume that American MNCs try to apply successful best practices of their home-country as well in their subsidiaries abroad. They tend to implement uniform and value based HRM practices even in those countries where certain barriers make such an implementation difficult.” (Wächter et al., 2004, p. 89 / own translation)

This statement by Wächter serves as a suitable outlook to the content of the present chapter. The literature review presented here seeks to depict what home-country effects are present in an US MNC environment and what best practices are “exported” to the subsidiaries abroad. At the same time the chapter describes the background of the exported practices by analyzing the American National Business System (NBS) with Whitley’s (2000) approach. To explain the background of US MNC home-country effects the NBS serves as the pattern that structures the first sub-chapter. The second sub-chapter treats then in a consolidated way the different practices and gives a general overview on US home-country effects on which later on assumptions for the empirical part are based upon.

Before entering into the details of the institutional features of the United States of America a brief explanation about the importance of the historical evolvement and path dependency forms the introduction.

Hollingsworth and Boyer (1997, p. 4) see “four levels of society at which there may be variation in the dominant forms of economic coordination” and describe as they call it “social systems of production” which share the same basic idea as Whitley’s (2000) NBS model. Those four levels, at which different economic coordination can take place, are: regional levels within a country, level of the nation state, transnational regions, and the global level. The authors argue that it is important to understand the starting points and the history of the social systems of production in order to understand the present situation. This implies that there is little chance of full convergence of those systems and is in fact in line with arguments of other authors (Brewster 2004, Mayrhofer et al. 2011) as outlined previously in this dissertation. “The world has turned into a global village and similarities have increased across national units. In spite of strong isomorphic pressures, though, differences have persisted [...]” (Djelic 1998, p. 1). But as Djelic argues further, production systems do not evolve as “discrete entities”, independent from each other. Whatever elements and differentiations of the institutional settings are made by different authors, the one common point they share is that the “social configuration” (Hollingsworth and Boyer 1997, p. 2) is a process that is influenced by history and past occurrences. Authors as Crouch (1993) and Ferner (2000) also point to the historical dynamics. “[...] features of modern industry such as the German system of vocational training reflect aspects of a pre-capitalist legacy of guild organization which survived industrialization” (Ferner 2000, p. 3). Hollingsworth and Boyer (1997, p. 267) mention that “there are critical turning points in the history of highly industrialized societies, but the choices are limited by the existing institutional terrain”, thus the historical heritage and the interrelatedness between institutional settings point to a certain degree of stability and no abrupt changes. The concept of “path dependence”, which is “the dependence of economic outcomes on the path of previous outcomes, rather than simply on current conditions”³, comes into play. Thus the next sub-chapter looks to explain the US Business System by taking into consideration the historical evolvement.

³ <http://eh.net/encyclopedia/article/puffert.path.dependence>

3.1 The US Business System – Background to Home-Country Effects in the MNC Environment

As introduced above, the National Business System (NBS) approach by Whitley (2000) allows us to analyze the key institutional features of an economic environment in which specific business systems emerge. This business system is where the roots of the HRM practices of US MNCs are at. Following the four key institutional features (the state, the financial system, skill development and control system, and trust and authority relations) home-country effects of US MNCs are described in this sub-chapter, searching to give partly answer to the formulated research questions and to base assumptions on which follow further below in this dissertation.

We have learnt along the present literature review that there have been tendencies to look at the American way of doing things, be it in human resource management or management in general, as a “universal template” to follow (Ferner 2000, p. 5), in order to be economically successful as a firm or even as a nation. But as the introduction to the present part has shown practices, production systems, and existing economical patterns are “unique historical and institutional configuration[s] of interrelated elements” (Ferner 2000, p. 5) that cannot easily be transferred to different environments. Nevertheless home-country effects in form of HRM practices are present and outlined in this sub-chapter.

It follows an overview of special features of firms, market and product development in the US since the industrialization, before approaching the four key institutional features by Whitley (2000).

Special features of US firms, markets and product developments

Chandler (1990) differentiates between the US “competitive managerial capitalism” and the German “cooperative managerial capitalism”. The differences stem from the historical preconditions and industrial institutions, when new technologies in transportation (e.g. railway) and communication (e.g. phone lines) developed. Both types of managerial capitalism developed and grew with the accrument of the modern industrial enterprise. The German “model” concentrated on the production side of business and negotiated distribution with third parties or negotiated market shares with competitors, whereas in the American “model” the industrial enterprise got involved in production and distribution at the same time “competing for market shares and profit” and seeking to expand (Chandler 1990, pp. 1-12). One of the main differences between the German and the US models is the size of the markets and the opportunities that came along the previously mentioned technological process. The sheer size of the market and its growing potential with its growing population saw an early growth of large firms in the United States and mass production became one of the pillars in their success (Chandler 1962, pp. 19-51; Chandler 1990, pp. 51-55). At the same time other organizational competencies as mass marketing and the administration of the big size companies developed. Along with this development the organizational structure evolved. Further antitrust legislation between the end of the 19th century and World War I was driving US companies to develop intra-organizational competencies rather than getting involved in inter-organizational coordination. As this legislation saw coordination and collaboration between companies restricted, mergers and acquisitions were further encouraged in order to bring forward the business. Consequently the size of (some) organizations grew further (Chandler 1990, pp. 14-46). The heritage of this development could still be seen more than half a decade later. In the 1970’s more than 50% of the enterprises with more than 20’000 employees worldwide was American by origin (Chandler 1990, pp. 14-46). Along this development organizational capabilities evolved. “Leading [US] firms turned their activities through the new multidivisional, decentralized structure” (Chandler 1962, p. 42), whereas in Europe ownership patterns and organizational structures were predominant. “In West Germany, limited liability companies and limited partnership were clearly favored [...]” (Djelic 1998, p. 5).

In the US the population was growing but the companies faced the fortunate situation of relative taste homogeneity. These circumstances were fertile soil for standardization of consumer goods and mass production, which in turn allowed achieving economies of scale. American firms were “less handicapped than their counterparts (i.e. Britain and Germany) by the difficulties of trading in markets with laws, customs, tastes, and, just as important, different transportation systems and distribution channels (Chandler 1990, p. 53). Again growth of the firm size was stimulated by these factors and it was assumed by American industrial economists for a big part of the 20th century that economies of scale and standardized systems of production would be the one global pattern every economy would converge to (Hollingsworth and Boyer 1997, p. 268). Later the emergence of different models from Japan and Germany would lead to a reassessment in this matter.

As a consequence of the fast growing economy and mass production and mass marketing firms' internal organization evolved in a different direction in America than in Europe. Already “during 1850's American railroads became the pioneers in modern management” (Chandler 1990, p. 54) in terms of managerial enterprises. “The large enterprise administered by salaried manager replaced the small traditional family firms” (Chandler 1977, p. 1). This development and the respective emergent management approach were described by the same author as the “visible hand”. The new organization saw managers to be appointed in order to coordinate and control operations as the size of the companies became too big to be run by single owners. The management was functionally divided by production, marketing, personnel, etc. and the companies “tended to develop a hierarchical system of management” (Hollingsworth and Boyer 1997, p. 269) which had to be complemented with a respective reporting. The multidivisional and hierarchical firm in the 1920's on started to differentiate the strategic and operational responsibilities (Chandler 1962). From an international expansion perspective, these circumstances gave an advantage to the big US companies in terms of internal organization and financing and enabled them to take the lead in accessing foreign markets (Ferner 2000).

US home-country effects:

Consequently different forms of HRM practices emerged and are today still the heritage of US-based companies abroad. Several authors (see e.g. Tempel et al. 2005, Almond et al. 2005, Pulignano 2006, etc.) found that US MNCs are more standardized, centralized and formalized in their management approach than their European counterparts, something that most probably can be traced back to the managerial structure in former times. Also they tend to export those organizational practices (Pulignano 2006, p. 280). There is a strong preference for global uniformity within US MNCs (Almond et al. 2005, p. 288). The “managerial enterprise” with strong ties to preferably centralized performance measurement (Pulignano 2006, Ferner et al. 2004) is a common feature of today's US MNCs. Rewarding systems are used to assure this uniformity globally and the corporate culture serves as an instrument for managers in this matter (Wächter 2004, p. 92/93). It is not surprising that Ferner et al. (2004) found as well that some performance measurement of managers are also linked to the corporate values of the MNC. The same authors found as well in their case study that American MNC had a global standardization of performance management policies which were used to weed out underperformers, an approach to performance appraisals that was also found by other authors (e.g. Almond et al. 2005).

After this summary on the development of the markets and firms in the US economy, which describes as well some of the historical heritage for business systems to develop, and some related US home-country effects in MNCs the four key institutional features of the US will be described.

The State

The first of four key institutional features for the US to be described is the state. As partly outlined above the country is marked by a predominance of economic coordination through markets and hierarchies, which gives a hint at the relatively underdevelopment of the state

and inter-organizational mechanisms, as for example inter-company networks and company associations (Ferner and Müller-Camen 2003). Jacoby (1991, p. 176) argues that the United States of America had the probably “weakest government in the western World” before the state intervention with the so called “New Deal” (see as well in this section “Skill development and control system”). The federal structure of the country, which led to competition on tax or “the right to work legislation” between the states in order to attract investments, was as well expressed in a lack in cohesion. Further the state was “small” in a political and personnel manner. “This weakness of the state has been traced back to the absence of feudalism which in Europe led to the establishment of strong monarchical states and to the relatively early onset of the industrial revolution” (Ferner 2000, p. 7). In the US the state’s primary role was to create a favourable climate for the private sector and the economy to develop. Coordination and control of the economy was not on the state’s main agenda. Economic decisions on investment, production or distribution were left to the private companies. The American state had a predominant role in business sectors as for example aerospace, where it acted as a market player and gained a significant position (Ferner and Müller-Camen 2003).

Besides the relative weakness of the state there is as well a relative weakness of the business associations. As it will be discussed in more detail later in this section (“Skill development and control system”), the United States are known for a low union density and organized labour is relatively weak. This might play a role in the underdevelopment of business associations (Hollingsworth and Boyer 1997). As mentioned previously there is a strong culture against cartels and trusts in the country. As examples are mentioned the “Sherman Antitrust Act” of 1890, the “Federal Trade Commission Act” and the “Clayton Act” both of 1914, which prevented set price agreements and prohibited the maintenance of market power through contractual corporation respectively (Chandler 1990, p. 79). Consequently there is less business associations in the US than in other leading industrialized countries as for example Germany, where business networks and associations play an important role in the economy. Exceptions can be found in the areas of defence, computer and pharmaceuticals, where strong relations and links to universities can be found (Chandler 1990) and where a state involvement can be detected (Ferner and Müller-Camen 2003).

Where there was virtual absence of state intervention within the country, the state’s regulatory role saw some activities to be developed outside the United States by acting to “consolidate American economic hegemony in the world economy” (Ferner 2000, p. 7) mainly after World War II and during the period of the cold war, where values of the liberal free-market economy was lauded. This led as well to “a series of well-documented interventions of which the most notable was the Marshall Plan” (Ferner 2000, p. 7).

One major point that shall be further discussed is the fact that in contrast to most industrialized European countries, “US business never had to define itself collectively in opposition to entrenched feudal or aristocratic interests” (Ferner 2000, p. 8). This is one key reason for the development of an individualistic ideology and an egalitarian political culture where the belief in achieving goals through individual effort is high (Hollingsworth and Boyer 1997). A cultural trait that is also detected by researchers of the culturalist school as Hofstede (2001) and others. Jacoby (1991, p. 177) argues that American employers “developed an especially strong belief in the virtues of free enterprise and apotheosized themselves as self-made men”. Indeed they were not forced to share power or to ally with the state or further social groups to gain their right to exist (Ferner 2000).

The above discussed developments and features led to the fact that the US economy is more coordinated through the market than by the state. The system is therefore characterized by “atomistic, arms-length, contractually-driven relationships between firms rather than trust-based long-term links as in Germany” (Ferner 2000, p. 8).

Assessing all features and characteristics discussed above against Whitley’s (2000, pp. 47-49) institutional features one can summarize that the US state is not actively coordinating

economic processes but rather let the market play the regulative role. The state does not share risks with private owners. Historically rooted and explained by the path dependency there are only weak collective intermediaries present in the US, which then influence the relationship pattern of the companies with the state. In other words, this relationship tends to zero. Formal state regulation in the United States can be described as “liberal”.

The consequence of the characteristics of institutional features on the US business systems will be discussed in later in this sub-chapter along with the outcome of the existing patterns when it comes to HRM practices.

US home-country effects:

The relatively rare presence of the state in the US economy is not a common scheme in other countries, as for example in Germany, where the institutional frame (e.g. legislation) can be a source of obstacle to transfer HRM practices (Wächter et al. 2004). Royle (1998) in his study of McDonald's in Germany found that the US-company is searching to circumvent certain local conditions in the host-country in order to have a similar organization to the home-country. An avoiding strategy towards the German co-determination system is clearly visible in Royle's study. The company also made use of legislative loopholes in order to minimize workers and unions influence (Royle 1998, p. 1030). Therefore the recruitment strategies applied by McDonald's can also be classified as some sort of home-country effect. By the means of their selection methods employees were hired to have a “peaceful” work environment and having not many employees asking for worker representation (Royle 1998, p. 1031). Another home-country effect that can be found in US MNCs (e.g. Muller 1998, Quintanilla et al. 2004, Gunnigle et al. 2004, Geary and Roche 2001, etc.) is the fact that the companies pay above industry average in order to keep workers' representation and trade unions at bay. More details about US MNCs' behaviour towards trade union representation will follow later in this sub-chapter.

A second aspect that was treated in the description of “the state” above is the individualistic ideology present in the US. This characteristic comes into play in some areas of US MNCs, mainly in relation to compensation and benefits, performance appraisals, and corporate culture. Wächter et al. (2004) found an avoidance strategy of US MNCs when it comes to collective agreements. Pay is preferably a performance related dimension (Colling and Clark 2002, Edwards and Ferner 2002, etc.), based on individual performances (Gunnigle et al. 2004, Geary and Roche 2001, Singe and Croucher 2005). There are as well findings (Wächter et al. 2004) that show how foreign subsidiaries of US MNCs need to demonstrate to the headquarter that trade unions are warded off.

Financial system

This sub-chapter discusses the second key institutional feature according to Whitley (2000) namely the financial system of the United States of America. As authors like O'Sullivan (2000) and Chandler (1990) describe it, the American financial system is characterized of an absence of close long term relationships between financial organizations and industrial firm. This can be seen as the clear opposite of the German system, where banks are amongst the biggest providers of liquidity to firms and a long term interest and investment is part of the financial system. The short-termism of the American system together with the development of a strong “market for corporate control” (O'Sullivan 2000, p. 5) in the 1980's led the so called model of “shareholder capitalism”, which in turn influenced the management of human resources and industrial relations (Ferner 2000). The impact of the American anti-trust legislation and government intervention to keep a clear distinction between commercial and investment banking worked against a financial system with a bank financing at its core, although banks used to be “important providers of investment finance to the railways and other industries” (Ferner 2000, p. 9). Hollingsworth and Boyer (1997, p. 293) claim that “American non-financial corporations became dependent for raising capital on liquid financial markets rather than on banks”. In other words legislation was one of the reasons for the weak role of the banks in financing firms which led to an early development of equity markets. The importance of equity markets is still remarkable today. Table 3.1 (“Market capitalization

of listed companies (% of GDP)”) based on World Bank statistics⁴ shows the market capitalization (market value) of listed companies as a percentage of the respective GDP indicates that the United States reaches a far higher score than Germany for this indicator.

Table 3.1: Market capitalization of listed companies (% of GDP)

(Data source:⁵)

Country	Year		
	2011	2001	1991
United States	104.3 %	135.4 %	69.0 %
Germany	32.9 %	57.0 %	21.7 %

Without aiming to explain the detailed influences on the fluctuation in the ten years figures in table 3.1 “Market capitalization of listed companies (% of GDP)”, one can expect that global economic developments led to parallel development of market capitalization of listed companies in percentage of GDP of the two countries.

Along with the emergence of equity markets came as well the legal restrictions of insider trading which inhibits for example communication between large shareholders and the management or regulates the share trading of the management in the respective firms (Fukao 1995). The behavioral pattern of shareholder in the US became “exit” rather than “voice”. This leads to the fact that there is a rather high turnover of shares in the States compared to other countries which have as well highly developed capital market as for example Japan (Ferner 2000). One of the consequences is what Chandler (1990) calls the emergence of “managerial capitalism” in which ownership is separated from management. “The evolution of the financial market has been seen as a force for short-termism in US firms, since in the absence of long-term relationships between companies and shareholders, the latter have tended to evaluate corporate performance using easily accessible measures such as quarterly reports and announcements of workforce reductions, and to invest or divest accordingly” (Ferner and Müller-Camen 2003, p. 68). From a human resources point of view this has then an impact on the investment in training and employee development (Ferner 2000).

O’Sullivan (2000) points out some changes in the US financial systems in recent decades which can be traced back to the increasing international competition, a shift in share ownership from individuals to institutions as for example pensions funds, which seek to maximize their profits in a contested market, and a financial deregulation. These factors led to an intensified short-term orientation and pressure for higher returns. O’Sullivan (2000) further argues that on the one hand the length of time for which shares are being hold has declined remarkably and on the other hand the volume in share transactions increased. The author claims that an increasing “support for financial liquidity at the expense of commitment” can be analyzed (O’Sullivan 2000, p. 154). Further the growing market for corporate control opened the door for as well for hostile take-overs, what to prevent became a strategic task for managers (Ferner 2000).

The 1980’s and 1990’s were the peak of the idolized “shareholder value” strategic orientation (O’Sullivan 2000). The goals of shareholders and corporate managers somewhat unified as managers’ remuneration became increasingly dependent on organizations’ financial performance measured in terms of share prices. Again there are implications for HR

⁴ <http://data.worldbank.org/indicator/CM.MKT.LCAP.GD.ZS>

⁵ <http://data.worldbank.org/indicator/CM.MKT.LCAP.GD.ZS>

management with regards remuneration systems as managers had to be incentivized to create maximum shareholder value. Performance related pay and stock options are two instruments to be named here.

Managers' reaction to maximize their pay was to react immediately and with focus on short term results. Employee lay-offs as quick reactions to respond to the markets became common for many companies to jolly the investor along (O'Sullivan 2000).

Both positive and negative consequences can be named as result of the described historical development of the US financial system. On the one hand short-termism can to some extent prevent long-term oriented development and innovation in some business sectors and might be perceived as burden to bear by the replaceable employees of a company. On the other hand the development of new business is encouraged and many start-ups are able to find financial investments to give their business idea a chance (Ferner 2000).

Analog to the previous sub-chapter, this section eventually assesses the features and characteristics discussed in this section against Whitley's (2000, pp. 47-49) description of the institutional feature of the "financial system". It can therefore be summarized that the financial system of the United States of America is foremost characterized by capital that is made available and priced on capital markets and underlies the rules of competition on the latter. By trading and pricing on the financial markets, commitment to long-term investment in a single firm is, as discussed previously, rather seldom. Shares are often integrated in portfolios and the status of a particular firm in terms of investment needs is of little interest to the investor. "This encourages a strong market for corporate control in capital-market financial systems, as ownership rights are easily traded and owners have little incentive to retain shares when offered considerable price premiums for them by acquisitive predators" Whitley (2000, p. 49).

US home-country effects:

Once again this institutional feature according to Whitley (2000) can be seen as the origin to some of the US home-country effects. The short-termism of the US financial system brings along some important implications for the human resource departments and their practices. Investors in the US are, as outlined above, short-term oriented and the performance measurement is central as are the quarterly results of the firms. Investors want their placed money to pay back to them immediately, which puts the companies under some sort of pressure to deliver results should they not want to lose their "sponsors". First, this fact combined with the managerial structure in US MNCs in place has implication on the remuneration systems. Performance related pay and high variable parts in pay are two findings of home-country effects in US MNC from diverse authors (Wächter et al. 2004, Almond et al. 2005, Pulignano 2006, Colling and Clark 2002, etc.). Practices such as profit sharing (Wächter et al. 2004), remuneration broad bands linked with career path opportunities (Almond et al. 2005) and performance related pay increases (Pulignano 2006), mandatory performance related remuneration (Ferner et al. 2004), etc. point also in the same direction and can be seen as heritage from the home-country structures. Secondly, trainings for employees underlie a certain central control (Pulignano 2006) and can be promotion based on performance merit (Geary and Roche 2001).

It follows the description of the third key institutional feature in Whitley's NBS approach, the skill development and control system.

Skill development and control system

The skill development and control system is the third of four key institutional features to shape business systems as defined by Whitley (2000). To understand this feature several institutional structures are analyzed, in first place the American labor market. It must be emphasized that the historical view on the development of different institutional elements is of central importance because the implication of the "path dependency" view allows a thorough understanding of the situation today, also in relation to the home-country effects.

Labor market

As mentioned in previous sections mass production played an important role in the US American economy. This production system shaped as well the labor market in the sense that employees with rather simple and standardized skills could easily be transferred between companies. As a result the American labor market can be described as very flexible compared to Germany for example, as also other factors, for example the previously mentioned financial short-termism, had their effects on the modeling of the system, in which downsizing is a common practice to respond to financial market demands and in which employee training to invest in long-term partnerships has not reached levels seen in other countries, and where labor is seen as a factor to be optimized in cost similar to other resources. In other words the structures are such that the firm-internal labor market is rather rigid whereas the external labor market is flexible (see e.g. Hollingsworth and Boyer 1997, Ferner and Müller-Camen 2003, Brewster 2004, Fukao 1995). In line with these structures the mobility of US labor is rather high and job seniority tends to be lower than for their counterparts in Germany. In the same sense the term of “employability” became a common notion in a work area between shareholder value and short-termism (Ferner 2000). Again compared to the German labor market, where legislation plays a part of certain importance, the US market can be described as relatively unregulated (Kochan et al. 1994). The intersection of regulation absence and the pressure to maximize shareholder value had an influence on the labor market to some extent, as for example employment types such as agency engagements, contract work or temporary assignments become wide-spread models. With the increasing flexibility of the external labor market the willingness to invest in employees decreased due to the danger of seeing the investment being transferred to other companies with the employee turnovers (Ferner 2000).

US home-country effects:

In line with the above described labor market situation Wächter et al. (2004) found rather company specific training for employees. Muller (1998) found that although there is no legal obligation for vocational training in Germany, US MNCs are among the companies which had the lowest number of apprentice in their organization, showing that the emphasis is more on job and company specific training rather than on general business and sector education. Although one could assume that low performing employees are rather quickly laid-off, a so called “hire and fire” culture could not be found in the desk research on US home-country effects. Even if not directly linked to downsizing as described above, the rather flexible approach to the external labor market is also found by Royle (1998), describing that union-related employees happen to be laid-off and non-unionists are hired instead. A more detailed discussion on the unionism approach by US MNC follows here below.

Anti-unionism

A second section to examine in this institutional feature is what can be called a “deep-rooted anti-unionism” in the United States (Ferner and Müller-Camen 2003). Jacoby (1991) finds the reasons for this mindset against unions in elements of a development that has been explained before. A market oriented individualism, combined with the absence of a feudal heritage (unlike the development in Europe), together with a fast moving industrialization led in sum to hostility towards unions, which would have hindered a likewise development by possibly setting up job-controls along with other formalistic boundaries, bureaucratic rules and procedures (Ferner 2000). Jacoby (1991) sees in this anti-unionism sort of a self-regulating process that limited both, union density and union growth. Employee-bargaining was restricted to moderate workplace-oriented activities, which once installed did in itself somewhat to confine unionism on a broader level, as unionized workers has kind of a disadvantage in bargaining locally on company level.

An additional factor for the moderate development of unions was the lack in support by the state, although there were periods – namely the period of the New Deal (see further below in this chapter) – where exceptional circumstances were in favor of unions. But generally spoken the state was more “at the disposal of the employers in their attempt to repress union

organizing drives by force” (Ferner 2000, p. 13). More than in Europe labor history was violent and a bloody past marks the time. “American employers had considerable resources of their own to wage battles against unions – including company guards and railway police, armed men supplied by agencies [...] and arsenals [...]. Nothing of this magnitude existed in Europe, where central government restricted the use of repression to their own regular forces” (Jacoby 1991, p. 183).

Besides the fact of repression of unionism the working class itself had a hand in holding back unions from developing at a greater scale. “[...] the nature of the working class itself: a great degree of ethnic and cultural diversity, high rates of social mobility with fluid inter-class boundaries, absorption of the individualist ethos, the individual “safety valve” provided by the availability of land for settlement on the frontier” (Ferner and Müller-Camen 2003, p. 72). Furthermore, the majority, namely the white people, of the American working class did not have to fight for their political rights to the same extent as their counterparts in Europe. Kochan et al. (1994) outline the trend of union density (i.e. the percentage of salaried workers being member in a union) and show that from a small percentage score of 13% in 1935 it grew to 27% and 36% in 1940 and 1945 respectively. The decline of union density started in the 1960’s and the density fell to around 12% in the 1990’s. Today, union density in the US is still around 11%, whereas in Germany the score is of approximately 18%⁶.

Industrial relations in the “New Deal” period

The previous sub-chapter shortly mentioned a rise of union density during the era of the “New Deal” in the United States of America. The term goes back to a reform program under the lead of the former US President Franklin D. Roosevelt, who in his inauguration speech said “I pledge you, I pledge myself to a new deal for the American people” (Wecter 1948, p. 53), expressing the purposed change of more social equality in times of the economic crises. In general the reforms envisaged an increase in state involvement in order to achieve this equality in times when mass unemployment threatened the country. Important for the analysis of the industrial relations in the US at this time is foremost the Wagner Act which came into effect in 1935, the second phase of Roosevelt’s the reform program. The main goal of the Wagner Act was to “granting organized labor basic representation and bargaining rights” which should help to overcome market instabilities (Gordon 1994, p. 204). Kochan et al. (1994, p. 25) describe the implementation of the collective bargaining as the “cornerstone of labor-management interactions”. The Wagner Act was the basis for unions to win employer recognition and the obligation for employers to bargain in good faith with unions, and was said to have shaped much of the industrial relations in the post war US. What emerged was a so called “job control unionism” that regulated much of the job related aspects of the unionized workers. Collective contracts determined rights and obligations, defined jobs and respective pay rates, and stated rules for promotions and layoffs which were usually depending on seniority of the employee (Kochan et al. 1994). Ferner and Müller-Camen (2003, p. 73) call the results of the new regulations “profound proceduralization of workplace relations, in which the central responsibility for corporate industrial relations managers on the one hand and union officers on the other was the administration of the detailed formal rules of the collective contract during the lifetime of the agreement.” Compared to the previous system that was in place the new regulation was constrictive but fulfilled somehow the needs of the standardized mass production as it required stability and predictability to be able to tap the full potential of mass production at this point in time. Stability was then gained by the fact that no-strike clauses were included in the contractual agreements (Ferner 2000).

The period of unionism in the US found its end from the 1960’s on. Jacoby (1997, p. 238): “Among the nation’s larger firms, modern welfare capitalism appeared to have triumphed over modern unionism.” This decline was aided by a structural change in the industry, which saw more technologically driven sectors as computing, electronics, and services growing at expense of the traditional manufacturing industry. Today well-known companies such as

⁶ <http://stats.oecd.org/Index.aspx?QueryId=20167#>

Microsoft, Walmart and Federal Express were amongst those companies to which helped to press ahead the change of “blue-collar occupations towards white-collar and professional employment” (Ferner 2000, p. 15). Kochan (1994) depicts how educated workers became more valuable to companies. From a human resource management point of view this structural movement was important as individual remuneration, based on performance and personnel achievements removed parts of the collective pay and at least in the newly non-unionized companies the relationship management with unions changed. It is estimated that between 1950’s and the 1970’s the decline in unionization was of approximately 40%. As the competition on the markets grew by the growing influence from Japan for example, technologies in products and in production changed, the product standardization was questioned by a newly emerged volatility, and new strategies had to be found in order to respond to those developments, the unionized model was not suitable anymore due to its rather strict regulated and rigid patterns in place (Kochan. 1994). Again Jacoby (1997) argues that in fact anti-unionism had never really disappeared but rather awaited the right conditions to re-emerge. A process that was then accelerated in the 1980’s and 1990’s in the United States.

The non-union model (welfare capitalism in the United States)

The previous sub-chapter described how the Great Depression and consequently the political reaction to regain economic growth and stability led to a peak time of unionism in the United States. As the markets recovered from the Great Depression but saw competition coming from abroad and product markets becoming more volatile the so called “welfare capitalism” was resurrecting (Jacoby 1997). As Jacoby (1997) describes in his book *“Modern Manors – Welfare Capitalism since the New Deal”*, there were critical voices during the depression period claiming that “welfare capitalism” was never a system that was going to last. Once the depression was over and the unionized system turned out to be too rigid to react to rapid market developments, other critical voices claimed that “welfare capitalism” had never died. With a demure view on the facts one tends to say that unionism in the states had never the same significance as in other countries as for example Germany, even though it became more popular in America as a response to gain stability in times of the Great Depression.

In fact from the unionism decline in the 1970’s the tendency was again to trust the security and stability provided by business corporations rather than from the state or the trade unions (Jacoby 1997). This implicated as well “the emergence of a model of employment relations encapsulated in the ideology and practices of human resource management” (Ferner and Müller-Camen 2003, p. 75).

What were then the features of the re-emergence of the non-unionism? First, one can say the practices of the welfare capitalism were used to keep labor organizations and the state (with interventions) at bay. Jacoby (1997, pp. 234-235) called it “ideological holy war” against the “twin evils of collectivism and statism”. He describes welfare capitalism in this sense also as idea of corporations to “shield workers form strains of industrialism” and “a way of responsibility [in] sharing [...] wealth” (Jacoby. 1997, pp. 13-14). Second, even though a clear state of mind against unionism was felt, not all corporate actions taken were aimed directly against unions, nevertheless some side effects helped to keep them out of the organization. Winning the commitment of the workers in a company was a key strategic approach which helped at the same time to compete with advantages employees would get from unions. Innovative techniques in the area of human resource management were implemented, such as “welfare programs and more tangible benefits: pensions, health care systems, unemployment insurance, and attractive remuneration” as for example “performance-related pay through profit sharing and gain-sharing schemes [and tailored programs] to new labor market segments through, e.g. family-centered policies” (Ferner 2000, p. 17).

Third, the area of compensation and benefits was clearly distinctive in non-unionized firms, where flexible systems were designed with individual-pay for achievement rather than pay

for a job or position. Further, pay was as well more flexible in terms of time-period, as multi-year agreements were not very common in non-unionized companies. On the other side unionized companies faced problems with applying new remuneration systems as performance based pay, as this went against cross-job standardization, left alone cross-firm standardization (Ferner 2000, p. 17).

Fourth, welfare capitalism entered into competition with unionized firms also in terms of long-term employee relationship, as they tended to more and more invest in their workforce. Internal labor market, although not to the same extent as in Europe, was slowly developed, again a feature that could not be applied in strictly contractual and rigid environments of unionized firms. Commitment and job security were no longer an exclusivity of union-bound companies. Even more so as “welfare-companies” were ready to take off the burden of economic adjustment from the workforce and innovated alternative solutions as for example workforce freeze, temporary assignments, sub-contractor involvement, overtime buffers, voluntary leave of absence, vacation banking, early retirement, retraining, work-sharing, etc. Again this shows the massive implication for the human resource management in such companies (Ferner 2000).

“By the 1950’s industrial unionism and modern welfare capitalism had gelled into separate but overlapping employment systems” (Jacoby 1997, p. 236). Both sides were ready to learn from each other but as outlined above some boundaries especially for the unionized companies lasted, mainly when it came to pay, internal job opportunities and adaptation to new technologies. Non-unionized firms could adapt to new more team-oriented, high performance work systems, whereas unionized companies stuck within their more rigid systems (Jacoby 1997). Another difference was the use of social science techniques in non-unionized firms in order to achieve goals like the employee commitment and loyalty to the firm. Here again human resource related practices had an influence on the management, whereof examples were employee attitude surveys or communication programs. This was particularly suitable with the group of high level educated, well skilled white-collar professionals. By all these measures a strong corporate culture could be built up.

Aside from all those work-related aspects also structural elements were in the favor of non-unionism: the crisis of the Great Depression was over and the demand was more stable, which granted more employment stability, with new technologies emerging capital intensity was gaining over high labor cost, and the economy was generally in a better health status than half a century ago. These were some of the reasons that unionized firms tried to implement employee-related practices from non-unionized firms (Ferner 2000). But times got tougher and problems arose for non-unionized firms as well. “The growing demands for financial liquidity, combined with the productive challenges [...], created significant pressures on the stability of the post-war system of managerial control in the US. In the 1980’s and 1990’s the US corporate economy reacted to these combined pressures in what, in historical perspective, were dramatic ways. The most striking dimensions of the general corporate response was the growing propensity of US corporations in the 1980’s and 1990’s to downsize their workforces and to distribute corporate revenues to stock-holders” (O’Sullivan 2000, p. 186). Jacoby (1997, p. 9) expresses the more recent situation of welfare capitalism as follows: “Indeed welfare capitalism today is undergoing its first major crisis since the Great Depression, reflected in downsizing at blue-ribbon firms like IBM, a persuasive sense of insecurity among American worker, and a growing national debate about corporate responsibility.”

US home-country effects:

As described above the American business culture can be described as “union avoiding”. To ward off unions US companies in general have invented and adapted (HRM) practices which somehow substituted employees’ benefits of being engaged in unions. Several aspects can be mentioned and summarized by the notion of welfare capitalism and the respective employer actions. Thereby sharing wealth (Jacoby 1997) is as important as gaining commitment of the employees (Ferner 2000). The following examples can probably be

related to welfare capitalism to a certain extent. Wächter et al. (2004) found in their study the following exemplary home-country effects related to described background above: profit sharing for employees, strong communication to employees, open door policy, flat organizational hierarchies, strong communication of the corporate culture, training and induction programs as investment in the employees, etc. A very comprehensive work was also done by Ferner et al. (2004) where the following related home-country effects could be found: worldwide open door policy, standardized global opinion surveys, staff surveys every 3 years, training for identified high potential employees. The desk research showed (amongst others) as well the following home-country elements in US MNCs: strong communication of company culture with for example posters in all offices worldwide and a minimum of 3 training days for all employees per year (Ferner et al. 2004), general avoidance of collective bargaining, paying above legal requirements (Muller 1998), hiring people with certain personal traits (to avoid unionism), corporate culture training (Quintanilla et al. 2004), direct employee involvement through quality circles and team briefings (Edwards and Ferner 2002).

The next paragraphs will now turn the attention towards work organization, skills, and the educational system in the US.

Work organization and skills

Much of the American work organization structure is finally a heritage from early development of standardized mass production. The term of Taylorism (strictly division of labor) is central to understand the patterns in which work organization developed. Production tasks are split into simple elements that could be performed by rather unskilled workers (Ferner 2000). "United States manufacturing employment has tended to be much more job-specific, workers have been less broadly trained, internal labor markets have been more rigid, and employers have had much less incentive to invest in their workers' skill development" (Hollingsworth and Boyer 1997, p. 292). One could say that the American system is in this point again the opposite of the German model. Organizations are shaped in a way that management control is maximized which means, that a hierarchical segmentation is strictly established. "[...] workers and managers became more and more segmented from each other within US corporate enterprises, as the line between outsiders and insiders to organizational learning processes became more defined" (O'Sullivan 2000, p. 144). With the increase in foreign competition in the 1970's the model of mass production came under pressure and adaptation was needed to find a response to changing consumer demand and solutions needed to be found for more flexible work designs (Ferner 2000). Especially working models from Japan put the American system under some kind of pressure. A different view to quality, use of team work and long-term relationship proposed new approaches for the producing industry. One special concept to be named here was the QWL (Quality of Working Life) emerged in the 1960's for adaption to which some constraints existed. First, non-skilled workers could not easily adapt and the short-term orientation also in financing held back investments in work organizational change and investment in training. Nevertheless there were some impacts for human resource management again. The implication for training investment on the one side and the implementation of working models such as quality circles, job rotation and total quality management meant that the approach to employee relationship needed to be reconsidered (Ferner 2000). But the legacy of former times namely the end of the 19th century, where a rationalization of production drove the demand for hierarchical structure with managers as central roles in companies was still there (Chandler 1990, pp. 82 - 83).

Educational system

The following presentation of the educational system in the USA is based on the comprehensive work by Joachim Münch (1989). The educational system in the United States today is much affected by the country's composition of 50 different States, which belong in a federalist relationship to the country of the USA. The system leaves much freedom for the organization and control of the individual States when it comes to education. One major

reason for this is the size of the country and the massive administrative burden a unified education system would bring along. On national level education as a political topic is incorporated in the Department of Education, apprentice training and vocational education (as far as it exists) is underlying the Department of Labor. Similar to Germany and Switzerland there is a compulsory education in the United States, with the main difference that the obligation for school attendance is depending on the individual's age, which can vary between the ages of 14 to 18 from federal State to federal State, whereas in Germany the duration of education is the driver.

In rough lines, the US educational system can be drafted as follows: in first place kids attend the kindergarten (nursery school), before entering the "general school" level which can be divided in primary and secondary level with respective lengths depending on the individual federal State. Consecutively follows the High School, where some practical professional experience can be gained, and College (or University) degree. On College and University level a lot of educational institutions are run on a privately owned basis with a lot of freedom when it comes to educational programs. Costs to join the classes in those educational institutions can be very high for students. Those institutions often have the characteristics of a business establishment. The described structure contributes as well to the fact that a unification of a nation-wide educational system is very difficult and that diploma and degree recognition is a rather difficult task in the United States.

Unlike Germany or Switzerland the dual vocational education has much lesser importance in the USA. For manual and technical professions a lot of education is eventually done on-the-job and basically no widely recognized diploma or no diploma at all are handed out to the respective people.

Somehow this situation shows the projection of the hierarchical approach that can be found in the work organization in American businesses, with a rather strict distinction between white-collar people with power and education (most probably those who went to College and University) and blue-collar workers.

US home-country effects:

Related to the above described elements of work organization, skills, and education, the following US home-country effects could be found in the literature review. With regards to work organization Pulignano (2006) found a hierarchical structure in decisions over training for workers with worldwide standardized procedures to be respected and a centralistic organization coordinated by the headquarters. Muller (1998) found in his study examples of firm-specific and on the job training for graduates and job rotations to develop employees' skills along with job evaluation systems. It is referred again here to the rather firm-specific approach with regards to training. Examples of American MNCs in Germany which were under proportionally engaged in vocational education could be found by Muller (1998).

To summarize this sub-chapter the American system of skill development and control is assessed against Whitley's (2000) model. We find a relatively weak collaboration in public training systems between the state, the employer, and the unions. First, union recognition is fairly low in the States and the state leaves much freedom to privately owned educational institutions in the design of their educational programs (Jacoby 1997). Second, there is no unified recognition for diplomas for artisanal professions (Münch 1989). On the other side the business orientation of universities in the US is often a given fact as close collaboration with private enterprises takes place (Chandler 1990). Trade unions are rather weak and have therefore only limited influence on the control of skill availability and negotiation in the market. Additionally, the historical development of the American economy and legislation prevented professional associations to be formed at a great extent. This fact was as well emphasized by the size of the country which made it difficult for professional associations to be united. Further, bargaining, with the big exception of the New Deal period and some selected business sectors, was in effect limited to negotiations at company level. The labor market in the US is rather flexible and the country has never known worker labor movements or organizations similar to some European states. Combined with the view of the workers of

themselves as “self-made men” in a culture of “individualism” this resulted in a rather extent to which workers have been organized, bargained on higher levels or got unified recognition. The analysis of “trust and authority relations will conclude this sub-chapter.

Trust and authority relations

The last of the four key institutional features according to Whitley (2000, p. 51) is important “because [it] structure[s] exchange relationships between business partners and between employers and employees”. It follows a description of different characteristics of the US American system and culture which summarizes the trust and authority relations according to Whitley (2000). Trust can be defined as “reliance on, integrity, strength, ability, surety, etc. of a person or thing” and “confidence”⁷. In relation to the state and the institutional feature political and institutional stability are of a certain importance. According to König (2010), this stability is achieved when the political culture and the political structure in a country are in line with the systemic structure and culture of its inhabitants. The following facts are some of many indicators of the such forms of stability (Hübner 2003): the last civil war in America goes back to the middle of the 19th century (War of Secessions), political stability with 2 parties dominating the political landscape for a long period of time, periodical presidential elections every four years in an operating democratic system, and relatively lowly perceived corruption of the US American inhabitants – rank 19 with a score of 73/100 in the 2012 “Transparency International Corruption Perception Index”.⁸ As a formal description this summarizes a relatively trustful business environment.

When it comes to authority relations, the picture can be drawn as outlined below. What Whitley (2000, p. 51) describes as “delegation of control over resources” can be seen in the United States from the fact of the managerial structure of the business system. For reasons discussed above, there is a strong managerial culture where control in organizations is handed to managers in charge (O’Sullivan 2000). Further authority relations can be analyzed through Hofstede’s (2001) cultural dimension (see as well chapter 2.1.1 “Research Streams: Culture, Institutions and Micro-Politics”). The score of 40/100 in Power Distance for the US is a sign that „hierarchy is established for convenience, superiors are always accessible, and managers rely on individual employees and teams for their expertise”.⁹ The same author describes the US as “uncertainty accepting” which at the same time point to the fact that a certain level of trust is existent.

The general “strength of formal institutions generating and guaranteeing trust between relative strangers” (Whitley 2000, p. 51) can be seen as present in the US. We can draw this from the fact of a solid legal system that backs the short-term orientation present in the country, be it between employers and employees or between suppliers and vendors, where contractual relationships play a certain role (Hollingsworth and Boyer 1997, O’Sullivan 2000). With Whitley’s (2000) words, the US qualifies more for the “contractual formal type” of institutional patterns rather than for the “communal” type. Still, the state shows a relatively low level in risk-sharing and the system can be described as “arm’s length or differentiated business environment”.

US home-country effects:

The home-country effects that are effectively related to the above mentioned sub-chapter have already been outlined above. Examples are: open door policies (Wächter et al. 2004, Ferner et al. 2004, Almond et al. 2005) and employee involvement (Colling and Clark 2002).

Before the next sub-chapter gives a comprehensive overview on home-country effects in an US-MNC environment, classified by the 6 HRM practices according to Davoine and Nakhle

⁷ <http://dictionary.reference.com/browse/trust>

⁸ <http://cpi.transparency.org/cpi2012/results/>

⁹ <http://geert-hofstede.com/united-states.html>

(2011), the below figuring tables summarize the US Business System according to Whitley (2000).

Tables 3.2 (“US key institutional Features”) and 3.3 (“US business system characteristics”) shows the above discussed characteristics of the United States when applying Whitley’s (2000) model of “National Business Systems”.

*Table 3.2: US key institutional features
(based on Whitley 2000)*

Key institutional features structuring business systems	United States
The state	
Strength of state's coordinating and developmental role	Low
Strength and incorporation of intermediaries	Low
Strength of market regulation	Low
Financial System	
Capital market or credit based	Capital
Skill development and control system	
Strength of public training system	Low
Union strength	Low
Dominant organizing principle of unions	Skills
Centralization of bargaining	Low
Trust and authority relations	
Trust in formal institutions	High
Authority	Contractual
Typical business environment	Arm's length

What results from the combination and interrelations of these different institutional features is a business system with the characteristics displayed in Table 3.3 “US business system characteristics”.

*Table 3.3: US business system characteristics
(based on Whitley 2000)*

Business System Characteristics	United States
Ownership coordination	
Owner control	Market
Ownership integration of production chains	High
Ownership integration of sectors	High
Non-ownership coordination	
Alliance coordination of production chains	Low
Collaboration between competitors	Low
Alliance coordination of sectors	Low
Employment relations	
Employer-employee interdependence	Low
Delegation to employees	Low

Eventually the business system characteristics determine to a big part what concrete management practices are suitable in a country. The US American context and work organization, with the background of the mass production, a weak role of the state, task separation in Taylorism, standardization of processes and codification, absence of major constraints on labor and product markets, a rather high degree of formalization and bureaucratization, a hostile mindset towards unionism, and many more aspects as outlined above, have shaped the different HRM management practices in relation to recruitment, compensation and benefits, communication, employee development, employee retention and attraction, etc. What home-country effects eventually resulted from this background has partly been presented in the present part. Below a comprehensive overview of home-country effects in US MNCs, in relation to the 6 defined HR activity fields is depicted, rooted in the description and findings analysed in the literature review on which the present chapter is based.

It is important to recognize that (in line with the path dependency theory explained earlier in this work) the historical development shapes the key features and business systems of nation states and that the different elements are interrelated. Therefore the American practices are suggested not to be a universal model towards which other nation states agitate. Nevertheless the below presented home-country effects could be detected in a comprehensive literature review.

3.2 Home-Country Effects in US MNCs – Summary and Overview

The previous sub-chapter gave an overview on the US National Business System according to Whitley (2000). This business system is at the same time the background that allowed certain specific HRM practices in US companies to develop or to put it differently, forced US companies to adapt, develop, and innovate HRM practices accordingly. Related to one of the research goal of this dissertation several US home-country effects have been described in connection to the respective American key institutional features. The present sub-chapter now treats the home-country effects in some more detail by presenting the findings of the comprehensive literature research on the topic, thus extending the already presented US

home-country effects of the previous sub-chapter. The structure of the chapter is based on the 6 HRM practices relevant for the present study, namely: performance appraisals, codes of conduct, training and development, recruitment and selection, compensation and benefits, and practices related to corporate culture. Table 3.4 “US home-country effects” summarizes the findings at the end of this sub-chapter.

Recruitment and Selection

Wächter et al. (2004) found in their study several home-country practices in US MNCs. Generally spoken a diligent recruitment with sophisticated methods marks the findings of those authors. Among the practices presented are assessment centers, personal marketing, and direct college recruitment. Further the firm internal employee recruitment for vacant posts could also be found. Pulignano (2006) points in her study to a formal recruiting process which needs central authorization from headquarters on whether foreign subsidiaries are entitled to recruit. Further the recruiting process as well as the skill and competencies required for a job were as well coordinated by the headquarters. A prominent practice in recruitment is to use the website as a personal marketing instrument that emphasizes the corporate culture and values (Ferner et al. 2004). Muller's (1998) study of US MNCs in Germany showed that the companies used relatively well defined procedures in which the analysis of standardized job application forms, traditional job interviews, and personality tests are applied. In relation to the corporate culture and specifically with regards to union-avoidance, Quintanilla et al. (2004) found that specific candidate screening on personality traits is used to ensure to get the right candidates. The same authors further support Wächter et al.'s findings of direct college or business school recruitment. Another recruiting practice exposed in the same study is the use of multiple job interviews by different managers in order to get reassurance on selecting the best possible candidates, thus also attaching importance to the selection process. Geary and Roche's (2001) research results confirm some of the above mentioned selecting practices (psychometric selection methods and assessment centers) but further add the relevance of personal history of the candidates and the cultural assessment of the personality.

Some moderating impacts on recruitment and selection were found in the importance of the personal headcount (Wächter et al. 2004), hiring freeze as a measure of cost control (Ferner 2000), and the impact of workforce diversity policies on candidate selection (Gunnigle et al. 2004, Ferner et al. 2005a).

Training and Development

As already mentioned in the previous sub-chapter firm specific training, standardized training programs, and induction programs for new hires are among practices in US MNC that can be classified as home-country effects (Wächter et al. 2004, Ferner et al. 2005a, Muller 1998). The implication and communication of the corporate culture plays a certain role in induction programs as Almond et al. (2005) found out. The same authors showed in their study as well that training programs are foreseen for so called underperformers. In this area as in the previous (recruitment and selection) the topic of workforce diversity plays a moderating role. Ferner et al. (2005a) present in their findings that global training programs for workforce diversity, with an emphasis on gender and ethnicity, are among the US home-country effects. Training specifically tends to be something that is centrally monitored (if not coordinated) and decisions related to training programs and training needs were found to be in the hand of the headquarters in the study of Pulignano (2006). These results are partly shared by Ferner and his team who located in their study that for senior management training is centrally approached (Ferner et al. 2004). The same team also got confronted with practices to detect high potential employees for whom specialized training is offered for further development. Additionally the same study presents results according to which, training approaches of US MNCs foresee a certain amount of minimum training hours per employee per annum. Besides training, career development plays a role, in form of global succession planning. Further standardized leadership competencies are advanced in respective training programs. Additionally, career development programs can enfold practices as job

enrichment (responsibility increase), job rotation to gain further competencies, and job evaluation systems (Muller 1998).

Besides skill and career development, training is also used to engender common values (Fenton-O'Creevy et al. 2008, Quintanilla et al. 2008).

Compensation and Benefits

One of the major home-country effects with regards to compensation and benefits is the tendency to individualized pay and the avoidance of labor agreements (e.g. Wächter et al. 2004, Colling and Clark 2002, Fenton-O'Creevy et al. 2008). Cases were even present, where key employees got taken out of collective agreements (Wächter et al. 2004). Different authors further point out that pay is an area where home-country effects are clearly visible with implementation of company-own systems, globally uniform and applicable worldwide, in which compensation broad bands and other elements can be seen (see e.g. Cooke and Huang 2011, Almond et al. 2005). Many authors (e.g. Muller 1998, Almond et al. 2005, Edwards and Ferner 2002, Ferner et al. 2004) relegate to the presence of performance related pay (see as well the section on performance appraisals in this sub-chapter) linked for example to sales figures, strategic contribution, goal performance, team achievements, or personnel achievements - assessed by supervisors. Other elements linked to pay are employee skills, the job scope, and leadership (Almond et al. 2005). Another common home-country effect is that compensation and benefits are found to be at or above the legal minimum or sectoral average (e.g. Gunnigle et al. 2004, Quintanilla et al. 2004), a phenomenon that can at least partly be traced back to union avoidance (see sub-chapter 3.1 "The US Business System – Background to Home-Country Effects in the MNC Environment", or parts on other effects later in this chapter). Other practices in relation to pay are high variable parts in the compensation scheme and profit sharing (e.g. Wächter et al. 2004), merit salary increase and bonus schemes and forced distribution systems - defined budget in percentage of payroll increase (Almond et al. 2005 and also Pulignano 2006). Another US home-country effect found by the same authors was that people who were missing out on pay increase due to bad performing would automatically qualify for training in the following time period or would risk an exit if performance does not increase within a certain period of time.

Colling and Clark (2002) found as well harmonization in extra-time and week-end pay within US MNCs, added to this are global share purchase policies and stock option as compensation (Ferner et al. 2004). Cooke and Huang (2011) point as well to the fact that the goal of the US pay schemes is not only a monetary reward but also an intrinsic motivation for employees related to career development and personal education. The same authors showed also US home-country effects in pay increment practices instead of one-off payments and benefits in form of trip allowance, paid holiday, extra health care programs, or house allowances.

Performance appraisals

As outlined above performance appraisals are strongly related to (merit) pay within US MNCs (Muller 1998, Geary and Roche 2001). Those companies tend to unify and harmonize appraisal processes and forms worldwide which is a sign of the strong performance driven US culture (Almond et al. 2005, Edwards and Ferner 2002). Pulignano (2006) discovered in her study the implementation of electronic questionnaire that had to be filled in and results were fed back to central management in the US, again proof for the more centralistic approach of US companies compared to their European counterparts. Same results were shown by Ferner et al. (2004) where global, standardized systems of performance appraisals and related global policies were amongst the practices applied. Again this was then related to weed out underperformers. Further senior manager in the studied companies underlined performance schemes related as well to corporate values. US home-country effects are also visible by the individual performance management, reflecting the individualistic culture (Colling and Clark 2002). Muller (1998) discovered clearly related career development elements in the appraisals and development was assessed during the appraisal process.

Goal orientation was another central element in his findings. Cooke and Huang (2011) saw links between the strategy and desired structure of the firm as being parts of the performance assessment in their research. Implementation of 360° appraisals and a strong planning and defined evaluation process, along with linkage to training needs was discovered by the same authors. Training needs were identified to secure quality and innovation processes within the firm. Appraisals did insofar not only reflect the control of key performance indicators (KPIs) but also “soft” factors were targeted. Another example therefore was the assessment of managerial behavior in cross-project management, cooperation and skill enhancement. Mentioning “soft” factors, Ferner et al. 2005a also found “workforce diversity”-related elements as part of appraisals (see related rubric “other factors” later in this chapter).

Codes of conduct

Of all home-country effects analyzed in the desk research of this study, the code of conduct is the less documented element. Barmeyer and Davoine (2011) published a very comprehensive study on this topic where they pointed to the characteristic of “formal rules” of these codes and their importance as an instrument in communication to stakeholders. The same authors found the roots of the tool in the development of an instrument filling the gap of the rather weak dialogue between the state and the economic actors. The importance of the instrument was enhanced in the 1970’s when the Foreign Corrupt Practices Act (1977) came into effect. With the code of conducts we are having an element at hand, which has a close intersection with the topic of culture and although (partly) presence of codes of conducts and thus US home-country effects could be found by some authors (Colling and Clark 2002, Kaptein 2004, Ferner et al. 2004, Gunnigle et al. 2004, Geary and Roche 2001, Palazzo 2002) this practice lends itself better to an analysis of host-country effects (see sub-chapter 4. “Selected National Business Systems and Host-Country Effects in the US MNC Literature”). Where home-country effects were found, the results showed a standardized approach to the practice (Ferner et al. 2004), oriented towards anti-corruption elements (Colling and Clark 2002) along with a strong focus on global communication with respect to culture (Geary and Roche 2001, Gunnigle et al. 2004). As a general rule the findings by Myloni et al. (2007) shall be added here. We can assume that the stronger the “parental control” and the stronger managers’ belief of people and human resource management as elements of competitive advantages are, the stronger the presence of transferred practices. With regards to concrete practices Barmeyer and Davoine (2011) found the content of the code of conduct was about topics like conflict of interest, corruption, information confidentiality, environment protection, respect, health and security. The code exists in form of booklets translated to all subsidiary relevant languages. Training CDs, online tests and workshops shall ensure the spread of the rules. Employees are admonished to sign the last page of the code as demonstration of rule acceptance.

Corporate culture

Among the presented HRM elements in this part, corporate culture can be designed as the most widespread and the mostly connected piece. Many of the following home-country cultural effects are related to previously described patterns in the business system and to other management practices. Nearly all authors (e.g. Almond et al. 2005, Tempel et al. 2005, etc.) considered in the literature review described “standardization”, “formalization” or “centralization” as patterns reflecting HRM practices in US MNCs. Corporate culture is used as instrument by managers, whereby individualism (e.g. employee of the month or monthly rewards – see Wächter et al. 2004) and personal achievements are emphasized (Almond et al. 2005). From a financial perspective planning, quarterly driven financial achievements and importance of budgeting can be designed as corporate cultural characteristics (Wächter et al. 2004). The same author sees rather flat hierarchies, employment commitment and involvement and open door policies (see also Geary and Roche 2001) as more organizational aspects of US MNC culture. Related to this internal and external communication of the corporate culture is a home-country effect found in this area.

The involvement of employees and their families, along with employee security (signs of welfare capitalism) are present in a US MNC context (Colling and Clark 2002, Wächter et al. 2004).

One important home-country effect in US MNCs is workforce diversity management. Ferner et al. (2004) found several practices from target numbers of women in senior positions, worldwide diversity trainings, setting up of diversity councils and designation of diversity responsible persons, over including diversity management in appraisals, to establishment of employee groups for gender, ethnical diversity, etc. or establishment of networks for minority groups. Some studies (e.g. Quintanilla et al. 2004) found that diversity management was implemented according to the understanding of diversity in the United States. The same work revealed that values were globally communicated and centrally monitored with worldwide opinion surveys based on standardized global corporate value statements. Such surveys were conducted every 3 years (also found by other authors as e.g. Muller 1998). In another study Ferner et al. (2004) found, that corporate culture was spread with posters in all offices worldwide as instruments and central component in appraisals, as well as by strongly communicated mission statements, visions and corporate values (Gunnigle et al. 2004).

Quintanilla et al. (2004) found the use of expatriate rotation, international employee exchange and HR guidelines as means by which corporate culture was spread within US MNCs. Employee selection and development played as well a role in the same study to keep correct mindset in the corporation. Edwards and Ferner (2002) discovered that the management board was predominantly constituted by home-country nationals, also sign of securing the right development of corporate culture. The same authors found also that raising financial means was mostly conducted in the home-country.

Although Geary and Roche (2001) presented suggestion schemes in their study as US home-country effects we need to emphasis here that the corporate culture in US MNCs can be looked at as not open to criticism (Wächter et al. 2004).

Other home-country effects in HRM practices

Anti-unionism is picked out as the central theme in this rubric. Almost all of the studies considered in the literature review to this section shared this as the common point (see e.g. Singe and Croucher 2005, Tempel et al. 2005, Quintanilla et al. 2004, Geary and Roche 2001, etc.). The previous sub-chapter gives an explanation on the background and emergence of the hostile mindset of US MNCs towards unions. Wächter et al. (2004) explain this home-country effect partly with the need to keep a union-clean image that is shown to the headquarters in the US. A lot of the above mentioned cultural aspects related to welfare capitalism (pay above average, open door policy, employee involvement, etc.) can be explained by the target of the firms to keep unions out of the organization (see e.g. Almond et al. 2005, Pulignano 2006).

One of the most demonstrative studies in relation to union- and co-determination-avoiding was conducted by Royle (1998) where McDonald's in Germany (a rather union-intensive environment) applied avoidance practices were for example splitting up legal entities in order not to qualify as a company underlying co-determination laws and selecting a specific legal form of the company for the same reason and thus taking advantage of legal loopholes. With regards to works councils, recruitment was used as an instrument to have a "peaceful" work environment, in other words not hiring people asking for representation. Paying above average, paying cash to people for leaving the company (as lay-offs in Germany are not simple), and promoting people as service in return to giving up representation interest figure amongst the practices applied in Royle's study. Ferner et al. (2005b) found that some US MNCs had specialized HR managers to guarantee a non-union environment. Those companies saw unionism within their company as a failure in management. HR in those companies had to make sure they were the voice or advocate for employees' interests in order to avoid seeing them joining unions (see also Muller 1998 for examples on strong communication to employees in this respect). Although a clear anti-unionism can be felt, MNCs who are confronted with unions try to have a rather good relationship with them, even

though threats of closing sites due to union activities, or dismissals (see Muller 1998) are amongst the practices applied.

Table 3.4 “US home-country effects” gives a summarizing overview of the above described practices applied. After this comprehensive literature review helped us to understand what so called “best practices” are transferred abroad and thus giving partly answer to some of the research questions in this dissertation as well as building the base for formulating assumptions for the empirical part (C) later on. The next part deals with the debate about convergence and divergence, and local responsiveness versus global integration, thus discussing whether HRM practices and companies become similar over time and tend to be share same practices or whether there are remaining differences. The section serves at the same time as an introduction to chapter 4. “Selected National Business Systems and Host-Country Effects in the US MNC Literature”.

Table 3.4: US home-country effects

HRM Practices	US home-country effects
Recruitment & Selection <i>Referring to:</i> <i>Wächter et al. 2004,</i> <i>Pulignano 2006,</i> <i>Ferner 2000,</i> <i>Ferner et al. 2004,</i> <i>Muller 1998,</i> <i>and more (see sub-chapter above)</i>	<p>sometimes sophisticated methods to select right candidates as e.g. assessment centers, job application forms, personality tests, psychometric selection, but also classic (sometimes multiple) job interviews</p> <p>Importance of personal background of the candidate</p> <p>importance of personal marketing (with communication of corporate culture) and direct recruitments at colleges/business school/universities, use of modern instruments (e.g. website),</p> <p>formal recruiting processes (with sometimes central coordination and authorization) and defined procedures, defined skills and competencies for candidates</p> <p>moderating impacts on recruitment and selection in form of headcount emphasis, hiring freeze, and workforce diversity management</p>
Training & Development <i>Referring to:</i> <i>Ferner et al. 2005a,</i> <i>Almond et al. 2005,</i> <i>Fenton-O’Creevy et al. 2008,</i> <i>Quintanilla et al. 2008,</i> <i>and more (see sub-chapter above)</i>	<p>firm-specific training, induction days (with implication of corporate culture communication), standardized training programs</p> <p>(compulsory) training programs for underperformers, and training for “high potentials” for further development, minimum training hours per year for all employees</p> <p>global training for workforce diversity (gender, ethnicity, etc.) or to engender common values</p> <p>central monitoring by headquarters for (senior management) training, training to develop standardized leadership skills</p> <p>global succession planning and career development plans, job enrichment (responsibility increase), job rotation to gain further competencies, and job evaluation systems</p>
Compensation & Benefits <i>Referring to:</i>	<p>individualized pay and the avoidance of labor agreements, or removal of key employees from general labor agreements</p>

HRM Practices	US home-country effects
<p><i>Colling and Clark 2002,</i> <i>Cooke and Huang 2011,</i> <i>Edwards and Ferner 2002,</i> <i>Gunnigle et al. 2004,</i> <i>Quintanilla et al. 2004,</i> <i>and more (see sub-chapter above)</i></p>	<p>company-own, uniform and worldwide applicable systems, compensation broad bands depending on skills, the job scope, and leadership</p> <p>emphasis on performance related pay (assessed against sales figures, strategic contribution, goal performance, team achievements, or personnel achievements) assessed by supervisors, profit sharing, merit pay</p> <p>compensation and benefits above legal minimum or sectoral average, high variable parts, global share purchase policies and stock option as compensation</p> <p>merit salary increase and bonus schemes, forced distribution systems for pay increase</p> <p>benefits in form of trip allowance, paid holiday, extra health care programs, or house allowances</p>
<p>Performance Appraisals <i>Referring to:</i> <i>Geary and Roche 2001,</i> <i>Almond et al. 2005,</i> <i>Edwards and Ferner 2002,</i> <i>Cooke and Huang 2011,</i> <i>Colling and Clark 2002,</i> <i>and more (see sub-chapter above)</i></p>	<p>worldwide harmonization of processes and forms, results partly fed back to headquarters, strong planning and evaluation process</p> <p>use of electronic questionnaires and 360° appraisals</p> <p>appraisals related to corporate values, strongly related to (merit) pay and career development, linked to training needs, control of key performance indicators, implication of soft factors and workforce diversity</p>
<p>Codes of Conduct <i>Referring to:</i> <i>Barmeyer and Davoine 2011,</i> <i>Kaptein 2004,</i> <i>Palazzo 2002,</i> <i>Gunnigle et al. 2004,</i> <i>Ferner et al. 2004,</i> <i>and more (see sub-chapter above)</i></p>	<p>serving as sort of dialogue with the state and authorities, standardized approach</p> <p>anti-corruption oriented, culturally rooted</p> <p>form: booklets, CDs, online tests, trained in workshops</p> <p>content: conflict of interest, corruption, information confidentiality, environment protection, respect, health and security</p> <p>employees to sign code</p>
<p>Corporate Culture <i>Referring to:</i> <i>Gunnigle et al. 2004,</i> <i>Muller 1998,</i> <i>Edwards and Ferner 2002,</i> <i>Geary and Roche 2001,</i> <i>Wächter et al. 2004</i></p>	<p>standardization, formalization, centralization</p> <p>individualism and personal achievements, quarterly driven financial achievements and importance of budgeting</p> <p>flat hierarchies, employment commitment and involvement and open door policies, corporate values globally communicated, value and mission statements, global employee surveys,</p> <p>welfare capitalism: e.g. involvement of employees (e.g. suggestions schemes) and their families, and employee security</p>

HRM Practices	US home-country effects
<i>and more (see sub-chapter above)</i>	importance of workforce diversity (worldwide diversity trainings, setting up of diversity councils and designation of diversity responsible persons, including diversity management in appraisals, establishment of employee groups for gender, ethnical diversity, etc. or establishment of networks for minority groups) use of expats and international employee exchange to spread culture
Other effects <i>Referring to:</i> <i>Singe and Croucher 2005,</i> <i>Tempel et al. 2005,</i> <i>Quintanilla et al. 2004,</i> <i>Geary and Roche 2001,</i> <i>Royle 1998,</i> <i>Muller 1998</i> <i>and more (see sub-chapter above)</i>	<u>Anti-unionism</u> Union-clean image shown to the headquarters splitting up legal entities or not to qualify as a company underlying co-determination laws, or selecting a specific legal form of the company, taking advantage of legal loopholes Paying above average, paying cash to people for leaving the company, and promoting people as service in return to giving up representation interest, threats of closing sites

3.3 Convergence versus Divergence and Local Responsiveness versus Global Integration Debates

This sub-chapter's topics are about two concepts that have been up for debates in this research filed for a while: convergence-divergence debate, and local responsiveness versus global integration debate. The questions are related to the previous and the successive parts and give a view on whether MNCs in general and HRM practices specifically tend to become similar over time.

Convergence versus divergence

When reading the arguments about international pressure to integration and the dominance effect as outlined previously one would intuitively argue that there is naturally convergence towards "best practices" in management. A fact that was underlined with the examples of home-country effects as described above. Even authors (see Brewster 2004) that are basically opposed to the universalist paradigm in HRM practices admit that at a first glance there are signs, as for example the trend to downsize workforce as a reaction to achieve financial short-term results, that could be interpreted as proving convergence. Authors as Hall and Soskice (2001) point to the fact that with increasing globalization and the progressively disappearance of the communist system are further hints to convergence. This argument is opposed to the comparative institutionalist approach as being presented above. An important differentiation in the convergence-divergence discussion was brought up by Mayrhofer et al. (2011). These authors distinguish between convergence, defined as a "coming together over a period of time" of two different elements (Mayrhofer et al. 2011, p.

52), which in the context of HRM practices would mean that the practices are identical; and directional similarity, which is that practices become similar but not identical in the end. This argument is in line with what Brewster (2004, p. 374) described, that “firms cannot be immune from the institutional context”. Several authors (see e.g. Pudelko and Harzing 2007, Maeder and Nadai 2007) have found in their studies that firms are not blindly following “best practices”. Thus there are empirical arguments for applying a comparative institutionalist approach. Those effects of “non-convergence” might even be amplified by the micro-level approach to the topic. Mayrhofer et al. (2011, p. 65) argue that we should not get “too carried away by the globalization thesis”.

Local responsiveness versus global integration

The convergence versus divergence debate focuses the lens on a macro-level (national), i.e. best practices which are cross-border shared. The debate on local responsiveness versus global integration focuses on a company level. Bartlett and Ghoshal (1989, pp. 16-20) describe three different forms of companies, distinguishing them according to their positioning them in a two-dimensional space between forces for local responsiveness and global integration. The three types they distinguish are multinational companies – with strong local presence and sensitivity and responsiveness to national differences, global companies – which seek more advantages through centralization and integration, and international companies which are fewer exposed to both of these forces. The same authors argue that in order to survive on the contested markets, organisation had to adapt to what can be called a mixture of the three different forms mentioned above, to become a so called “transnational company” where both forces for local responsiveness and global integration are strongly present. Morschett et al. visualized this concept as the following figure 3.1 “The integration / responsiveness framework” shows.



Figure 3.1: The integration / responsiveness-framework

(Morschett et al. 2010, p. 32 adopted from Bartlett and Ghoshal 1989, p. 438).

Bartlett and Ghoshal (1989, p. 35) further claim, that “worldwide corporations typically adapt different organizational structures at different stages of international expansion”.

Eventually the question of whether to globally integrate a subsidiary in an HRM system or to leave the subsidiary the freedom for fully embedding in the local context is a strategic one (e.g. Schuler 1992, Eidems 2010). In fact, multinational enterprises have to find the right balance between the above outlined poles (Festing and Eidems 2011).

Based on a resource based view (see Barney 1991) Festing and Eidems (2011) see human resources as being integrated in of four resources that lead to competitive advantages (financial resources, physical resources, organizational resources including human

resources, and technological resources). Here the notion of Strategic International Human Resource Management (SIHRM) applies. Adding the concept of dynamics the same authors enrich the resource based view to become so called “dynamic capabilities”, which are processes that alter the strategic important resources over time. Festing and Eidems (2011) describe the decision on where to land on spectrum between global integration and local responsiveness as something that can be made visible with a process in 4 consecutive steps. The process foresees companies to firstly identify the issues in the respective situations by analyzing the practices, the subsidiaries, and the right balance between local embeddedness and global integration. In a second step diagnosing the nature of the “situation” or “problem” takes place by considering the different cultures, subsidiary roles, global strategies, etc. in order to take an outbalanced decision on how the “problem” should be addressed in step three. The last step in this process is taking actions.

What becomes clear with the proposed model (Festing and Eidems 2011, Eidems 2010) is that international human resource management is an element of a multinational company that can lead to competitive advantages and that should be well planned and outbalanced. Not all practices have to be transferred to the foreign subsidiaries but a transfer should take place for those where the company can gain competitive advantage. The dynamic of the markets implicates an ongoing process of transfer of HRM practices and a reevaluation of the competitive HRM practices over time.

The discussion about local or global responsiveness is in line with what we have earlier called “isomorphism”. Ferner and Quintanilla (1998) differentiate four different forms of isomorphism: local isomorphism – which comes close to strong forces for local responsiveness, corporate isomorphism – which is a pressure for international conformity within the organization, cross-national isomorphism – which is similar to what we called earlier the country-of-origin effect, and global inter-corporate isomorphism – which reflects the pressure to adapt the MNC’s best practices. In line with other findings outlined above the authors found evidence for convergence towards Anglo-Saxon practices, a phenomenon they called “Anglo-Saxonization”.

We discuss next a topic that proves to be very important in the context of international transfer of HRM practices, i.e. the roles of the regional headquarters (RHQ).

3.4 Roles of Regional Headquarters

With a topic about international transfer of HRM practices we cannot neglect the role of so called regional headquarters (RHQ). According to Yeung et al. (2001) regionalization is a process in parallel to globalization and needs therefore some attention for our research with RHQ playing a role in the interplay of institutional and actor-related factors for the transfer of HRM practices in a multinational context. For our field study the setting of the actual RHQ will be discussed in sub-chapter 7.6 “Summary and Overview of International Setup”. Developing regional strategies and having a RHQ in place can have different reasons following authors in our desk research: understanding continuous and important changes in a local environment (Yeung et al. 2001), local responsiveness giving better solutions to increasing competition as a reason for strategic creation of RHQ (Yeung et al. 2001), and protection of specific subsidiary competences (Lehrer and Asakawa, 1999). MNCs being concerned with the integration and coordination of business (and HR activities) in certain geographical regions tend to establish an enforced linking element between the subsidiaries and the home-country in form of a RHQ (Schütte 1996). Paik and Derick (2004) see the main advantages of RHQ as the following: economies of scale in regional strategic planning, effective development and utilization of globally trained human capital, efficient exchange of information, management of interdependence between and among home headquarters and local units, and improved control and coordination of business activities. The same authors see on the down side the significant resources to be invested, the multiple responsibilities,

home-country authorities not being familiar with subsidiaries' contexts, and imperfect knowledge by RHQ. Lehrer and Asakawa (1999) see the interdependence in a model described as triadic with the home-country headquarters pressuring for global integration and regional responsiveness towards RHQ and in its turn the regional headquarters pressing for regional integration and local responsiveness towards the local national subsidiaries. Following Perlmutter and Heenan (1979) some of the critical factors to develop regional strategies enfold first, the commitment of the executive management, second, regional integrity and balance in for of representative teams (e.g. represented nationalities), third, realistic mandates and well defined targets, fourth, proper intraorganizational relations with well-defined reporting lines, and fifth, RHQ teams staffed with experienced managers.

We are now turning to the roles regional headquarters can adopt. Depending on the regional headquarters' orientation the role can differ from being more "relay, amplifier and advocate of [regional] concerns, or a focus [role] for the coaching and support of local managers (Schütte 1996). Finger and Menipaz (2008) have analyzed the literature on RHQ roles and could identify 7 roles mainly played by regional headquarters presented in table 3.5 "7 main RHQ roles".

Table 3.5: 7 main RHQ roles

(Finger and Menipaz 2008)

7 RHQ roles defined from literature review
Enable better planning
Coordination of activities in the region
Identifying new business development opportunities
Provide better integration in the region
Provide better management support to local subsidiaries
Keep watch on competitor activities
Ensure better knowledge transfer among subsidiaries in the region

The majority of the above described roles are based on the contribution of Lasserre (1996) which is dubbed as the only "well-grounded theoretical contribution" by Finger and Menipaz (2008, p. 4). Combining the findings of Lasserre (1996), Yeung et al. (2001), and Finger and Menipaz (2008) we will now focus on 7 RHQ roles as a combination of reviews and results.

Scouting

Scouting is a RHQ's task related to business development and as such finding new opportunities in marketing, partnerships and structuring (Lasserre 1996). In case of a lacking RHQ role usually the home-country HQ is absorbing this role. The sending of home-country expatriates to a RHQ is a common way to support this task. Scouting as RHQ function is more related to business than to HRM (Schütte 1996, Lasserre 1996).

Strategic Stimulation

The main role of RHQ in strategic stimulation is to "transform strategic ambitions into action" (Lasserre 1996, p. 31). In this role the RHQ has to understand the occurring environment

changes in the local markets to enable global strategies to flow into national subsidiary strategies (Yeung et al. 2001). In an HRM context this stimulation can come into play with RHQ acting as consultants for the local teams (Lehrer and Asakawa 1999).

Signal commitment

Lasserre (1996) states that showing internal and external commitment to a specific region is one of the major roles of RHQ. This enfold some flexibility also in the transfer of (HRM) practices from the home-country to the host-country giving a signal of a global and multinational understanding and not pursuing a one-pattern-for-all approach. Internal commitment focuses on structures, processes, practices, and patterns whereas external commitment would enfold actions and initiatives towards local authorities and society.

Coordination

Coordination enfold the strategic coherence of home-country and host-country and is therefore strongly related to the strategic stimulation described here above. Further coordination would also enfold operation coordination which as a much more functional touch than the strategic coordination (Lasserre 1996). HRM can be a very nice example of following overall strategic guidelines and coordinating global practices to be implemented.

Pooling resources

Again Lasserre (1996) divides this role into two functions a supportive and an administrative function. In HR context the latter could be referred to tax or expatriation expertise. The administrative function refers more to support services for which a duplication in each country would not be cost effective.

Transfer of knowledge

In this role RHQ translates both ways from local subsidiaries to the home-country HQ and vice versa (Mori 2002). It is all about a common understanding of the differences in context and culture and the general mind-set of the company and its actors. In this case HRM is a fine example of transfer of knowledge need and the strongly related common understanding of initiatives, targets, and necessity of certain practices or barriers.

Target setting and control

As the title indicates it is the role of the RHQ to set and monitor targets that are in line with the corporate headquarters' ideas in the home-country. To have a regional headquarter to fulfil this role is more likely with long geographical distances (Yeung et al. 2001). Schütte (1996) reveals that especially in HR this target setting and control finds application.

According to Lasserre (1996) the profile of the regional headquarter can be analyzed through a two-dimensional chart with the integrative role and entrepreneurial role being the characteristics to be assessed of being strong or weak. What results are four different models or typologies of RHQs (see figure 3.2 "Profile of regional headquarters").

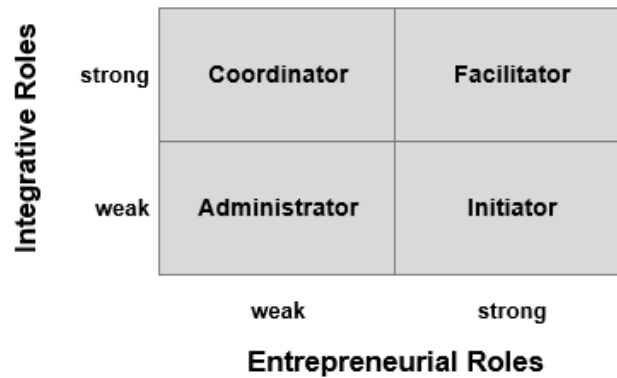


Figure 3.2: Profile of regional headquarters

(Lasserre 1996, p. 33).

The initiator is identified by a weak integrative role but a strong entrepreneurial role and is mainly concentrating on the strategic stimulation and coordination to help local businesses to develop their activities (Lasserre 1996). The facilitator has strong integrative and entrepreneurial characteristics and undertakes strategic initiatives and signaling commitment. With an RHQ like this the presence of the national subsidiaries are improved (Lasserre 1996). A coordinator RHQ would typically concentrate on strategic and operational synergies and have a monitoring role (Lasserre 1996). In the case of an administrator role the RHQ has more of a clerical task to fulfil with taxation, treasury, and legal expertise being present (Lasserre 1996). The role a RHQ takes is also dependable from the respective actor and this is where the micro-political aspects come again into play. In this sense the RHQ plays an actor's role in the institutional-micro-political interaction that is part of our analysis and proposed research framework. According to Schütte (1996) the role of the RHQ can vary over time depending also on the role of the subsidiary and the international setup. Where in certain points in time the role of the regional headquarter can be a more administrative role it can become a strategic coordination role at another point in time. This role can also be multi-layer as the interaction between the home-country HQ, the regional HQ, and the subsidiary differs from topic to topic and challenge to challenge. Schütte (1996) proposes also an analysis of the structural models of an RHQ which reflects on the context of the RHQ and the alliances built by the involved parties. Again a two-dimensional approach to classify the RHQ model is presented (figure 3.3 "RHQ structural models")

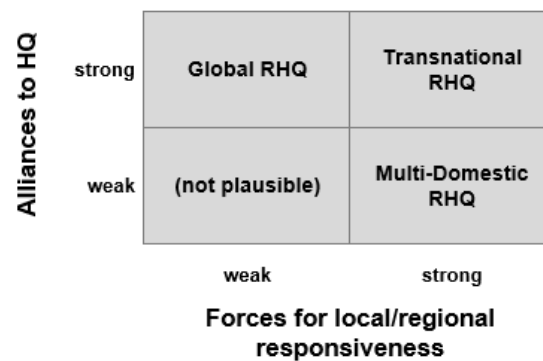


Figure 3.3: RHQ structural models

(Schütte 1996, p. 154).

The global RHQ is more tied to the home-country headquarter and figures as an extended arm of the home-country brain. Often expatriates are sent to the RHQ to support their tasks and achievements. Coordination is important in this model where also efficiencies are sought. This model fits well when subsidiaries are operating relatively independently from the central headquarter (Schütte 1996). The multi-domestic model takes more care of the protection of the subsidiaries' interests. The RHQ advocates the local markets and is therefore typically represented with nationalities from the specific region. In this case the RHQ managers must be well-established personalities in the organization with high credibility otherwise it can lead to conflict (Schütte 1996). In the transnational model the RHQ manager is a "glocalizer" (Schütte 1996, p. 158) representing both interests global and local. It fits well with matrix organizations and the staff ideally comes from a neutral region (i.e. is of neutral nationality).

Keeping in mind the goal of the present study and the aspect of the here presented roles of the regional headquarter, we will in the next chapter more closely look at the host-country effects in US MNCs, which would in fact be proof against complete convergence as described above.

4. Selected National Business Systems and Host-Country Effects in the US MNC Literature

In this section the focus is on the host-country environments with respect to the three countries where the MNC's subsidiaries of the case studies are located, namely Germany, France, and Switzerland. As the title indicates the chapter presents a desk research of host-country effects in the US MNC literature. At this point we want to indicate that for the host-country effects in Germany and Switzerland the extensive work of Schröter (2013) realized at the University of Fribourg served as a base and source of information. The analysis of the host-country effects described in literature enables us to further formulate assumptions in the following chapter when it comes to theoretically answer partly the research questions. Those assumptions are then "tested" in the empirical part of this dissertation. Therefore it is important to emphasize that (if not indicated otherwise) only US MNC literature is included in this chapter's presentation.

The host-country effect is one of the four key influences on HRM practice transfer in multinational companies, besides the country-of-origin effect, the dominance effect and the pressure for international integration (Almond et al. 2005). It can be described as the effective outcome of the ability of the national business system of the host-country to influence the transfer of HRM practices (Edwards and Ferner 2002). Thereby the openness of the host-country business system is moderating the impact (Almond et al. 2005). Tempel et al. (2005) argue that the host-country effects can appear when support for home-country practices is not present in the institutional setting of the subsidiary-nation. The same authors describe that even though some NBS are less open than others to absorb home-country practices, every system is flexible and formable to some extent. Tempel and colleagues define sources for subsidiaries to avoid home-land practices: expertise in some specific business areas, knowledge about institutional frame of the host-country, and a local network. With the two latter referring to the need of home-country managers to rely on interpretations and statements of host-country managers (see Tempel et al. 2005, pp. 193-194). In this context subsidiaries and host-country managers do not necessarily behave as "model pupil" but can at least to some extent defend their own identity and local practices, even though this might not be in line with the will of the HQ (Barmeyer and Davoine 2011, p. 8). Further Barmeyer and Davoine (2011, p. 9) point to the fact that micro-political games, reflecting actors' preferences play as well a role besides the institutional host-country frame. Similarly Edwards et al. (2006, p. 69) describe that besides "distinctive laws" and "regulation" as well "customs create home-country effects".

Before entering into the detailed analysis of host-country effects in the three countries investigated in the empirical part of this dissertation the first sub-chapter 4.1 "Host-Country Effects in US MNCs – a Contemporary Subject in IHRM" takes an introductive role to the approach described here above and shows how host-country effects in US MNCs take an important role all over the globe when discussing impacts on international HRM practices transfer.

4.1 Host-Country Effects in US MNCs – a Contemporary Subject in IHRM

Host-country effects in general take an important place in IHRM when discussing the international transfer of practices within organizations. In this sub-chapter we outline how institutional impacts can affect the outcome of the HRM practice transfer process in a global context. The following sections and table shall give a brief overview from an "around the world" perspective.

As we have learnt from the previous chapters US MNCs tend to strongly transfer their practices abroad toward their subsidiaries modeling the practices against their liberal home-

country context (Wächter et al. 2004). Table 4.1 “Transfer of HRM practices – a global view” allows analyzing to some extent what practices seem to be generally “exported” to the subsidiaries abroad. Those elements are understood to be introductory and complementary to the more extensive research done on the three countries involved in the present research to be discussed later. Below it follows a short description of patterns found in the above defined areas of HRM (compensation and benefits, recruitment and selection, training and development, performance appraisals, instruments of corporate culture, and IR). Important to mention is the fact, that the transfer of HRM practices and areas where such transfer takes place seem to be similar all over the globe in US MNCs.

Table 4.1: Transfer of HRM practices – a global view

Host - country	Author(s)	Transfer of (HRM) practices and management orientation
Australia Canada	Fenton O’Creevy et al. 2008, Ferner et al. 2013	<p>Australia is counting as one of the less coordinated market economies but still showing practice autonomy within US MNCs that is rather high, i.e. less transfer of management practices – limited number of concrete studies</p> <p>Canada showing low scores on subsidiary discretion and transfer of management practices within US MNCs is very common although in some areas employee protection is higher than in the US which restricts direct transfer of all practices. Variables tested were amongst others: variable pay, performance appraisals, training and development</p>
Ireland	Clark et al. 2005, Fenton O’Creevy et al. 2008, Ferner et al. 2013, Geary and Roche 2001, Gunnigle et al. 2004,	<p>Present transfer of HRM practices rooted in high foreign direct investment (FDI) from the US</p> <p>Traditionally central negotiation with social partners in Ireland; shift towards non-unionism in US MNCs; soft union substitution (pay increases, improved working conditions, more development opportunities); more recently higher tendency towards union avoidance</p> <p>Increased corporate control over HR which includes, higher performance measurement, direct communication, pay bargaining at local level, pay above average, employee development</p> <p>Ireland is found to have a rather liberal market economy and there is less sensible impact from the American liberal system than in more coordinated market economies, although transfer of practices takes place</p> <p>Surprisingly high subsidiary discretion in one study (Ferner et al. 2013)</p>
Italy	Pulignano 2006	Rather high transfer of management practices with pay per performance, avoidance of collective bargaining, performance ranking methods, “us and them” attitude towards unions, and centrally coordinated training and recruitment methods in place

Host - country	Author(s)	Transfer of (HRM) practices and management orientation
Korea Taiwan China Japan	Bae et al. 1998, Cooke and Huang 2011, Pudelko and Harzing 2007	<p>Perception of managers shows tendency of higher transfer of HR management practices to Korean and Taiwanese subsidiaries in US MNCs than in Japanese or European MNCs (related to recruitment and selection, training and development, job design, reward systems, and employee participation)</p> <p>Some American impacts on appraisal and reward systems in Chinese subsidiaries could be found; the results found were a mix of Chinese and US models in terms of guiding principles, formal policies, practices, and implementation techniques</p> <p>Similarly a mix of practices could be found in Japanese subsidiaries of US MNCs</p>
Lebanon	Davoine and Nakhle 2011	<p>Standardized performance appraisals, codes of conduct, global training programs (although trainers have to be familiar with the local culture); mixed approach to recruitment with local culture strongly influencing this practice; compensation and benefits is mostly influenced locally with some elements of the home-country</p>
Spain	Edwards et al. 2006, Ferner et al. 2013, Quintanilla et al. 2004, Quintanilla et al. 2008	<p>The Spanish system is said to be an “ambiguous coordinated market economy” (Ferner et al. 2013, p. 651) and open to transfer of practices which could be found in the literature</p> <p>High control of American HQ, decreasing margin for manoeuvre for subsidiaries; tendency to centralization and standardization</p> <p>Transmission of corporate culture (welfare capitalism) with strategies to union avoidance (e.g. increasing employment involvement, avoidance of labor conflicts, pay above average and agreements)</p> <p>Introduction of performance related pay and appraisal systems; share ownership programs</p> <p>No focus on internal labor market, graduate recruiting is of importance (not a typical American trait)</p>
UK	Child et al. 2000, Clark et al 2005, Colling and Clark 2002, Edwards et al. 2005, Edwards et al. 2006, Fenton O’Creevy et al. 2008, Ferner et al. 2004,	<p>High degree of formalization and standardization with regards to financial planning, budgetary control, formal selection procedures, job descriptions, development programs, and also communication; oscillation over time between centralization and subsidiary autonomy (also autonomy negotiation between HQ and subsidiary)</p> <p>more centralized control, closer performance monitoring, and emphasis on continuous performance improvements</p> <p>Shift towards shorter time-horizon planning, pressure for short run financial returns, defined target setting systems</p> <p>US HQ to shape but not determine the behavior of the subsidiary in relation to trade unions (anti-unionism tendency)</p>

Host - country	Author(s)	Transfer of (HRM) practices and management orientation
	Ferner et al. 2005a, Ferner et al. 2005b, Ferner et al. 2013,	Shift towards performance related rewards, introduction of more individualized pay and performance management, introduction of bonus plans and appraisals Increased job rotation and more training given to the employees Introduction of code of ethics and corporate values Workforce diversity programs (also related to recruiting guidelines) US MNCs to exert the greatest influence on UK subsidiaries compared to multinationals with other origins

Compensation and Benefits

In this area of HRM practices there seem to be a general tendency for US MNCs to stick to their home-country practices trying to transfer variable and individualized pay systems and pay per performance systems (e.g. Colling and Clark 2002, Quintanilla et al. 2008). The introduction of bonus plans and appraisal related compensation is a clear sign for transferring the home-country “welfare capitalism” to the foreign subsidiaries also including the element of improving working conditions in the subsidiaries (Edwards et al. 2006, Wächter et al. 2004).

Recruitment and Selection

Apparently the way to recruit employees is also heavily monitored and influenced by the HQ in the US, although there seems to be some room for manoeuvre for the local subsidiaries in order not to neglect their cultural patterns existing (Pulignano 2006, Davoine and Nakhle 2011). Topics such as workforce diversity play a much bigger role in the US than in other countries still elements can be found in the practices transferred towards the subsidiaries in US MNCs (Ferner et al. 2004).

Training and Development

Standardization is an element that also shows its impact on the area of training and development when analysing the above listed studies. The training and development initiatives are centrally coordinated (Pulignano 2006, Bae et al. 1998). There seems also to be a tendency towards more on-the-job and off-the-job training in US MNCs compared to other companies (Child et al. 2000). Even though training and development is an area where a strong central monitoring takes place there are studies (Davoine and Nakhle 2011) that show that the trainers need to have a certain understanding of the local culture in order to put effective trainings in place.

Performance Appraisals

Similar patterns of central monitoring, standardization, and formalization (Ferner et al. 2004) can be found in the area of performance appraisals. Forced distribution (Pulignano 2006) is one special US home-country effect present in this area of HRM practices. Rewards are closely linked to performance appraisals and performance is closely monitored by HQ which has also an impact on performance time-horizon where a tendency towards short-termism is present (Child et al. 2000, Edwards et al. 2006).

Instruments of corporate culture

The transmission of the corporate culture is a strong element in US MNCs which finds its roots in the home-country welfare capitalism and all related aspects (see also Ferner 2000 and sub-chapter 3.1 “The US Business System – Background to Home-Country Effects in the MNC Environment”). Not surprisingly those elements were found in different studies (e.g. Quintanilla et al. 2008). Other aspects related to the same topic are the introduction of codes of ethic or corporate values (Colling and Clark 2002) or the emphasis laid on workforce diversity (Ferner et al. 2008).

IR

The topic of industrial relations is quickly summarized with US MNCs showing a clear tendency towards union avoidance and avoidance of collective bargaining (e.g. Quintanilla et al. 2008). Clark et al. (2005) show in their study that soft union substitution is used to stay in line with the corporate guidelines. Measures such as pay increases, improved working conditions, and more development opportunities are implemented to keep unions at bay.

After this general introduction to the theme the following sub-chapters will each describe one of the host-countries (Germany, France, and Switzerland) reflecting host-country effects found in US MNC literature. To have a thorough understanding of the host-country effects and laying the basis for empirical part of the study, each NBS of the three mentioned countries is described shortly before outlying respective host-country effects. The analysis starts with Germany, followed by France and Switzerland.

4.2 German Host-Country Effects in US MNCs

In a first step in this sub-chapter the German national business system is shortly described, serving as background knowledge and framework for the later on discussed German host-country effects in US MNCs.

4.2.1 The German NBS

Firms and Market

According to Chandler (1990) German firms are so called “collaborative hierarchies” with a focus on quality production (Hollingsworth 1997) and a need for highly skilled workforce and close technical contact and collaboration with other producers (Geppert and Williams 2006). Compared to their US counterparts German firms are less isolated (see sub-chapter “3.1 The US Business System – Background to Home-Country Effects in the MNC Environment”). Whitley (2000) and other authors describe the long-term oriented cooperation between capital and labor a high level of trust between economic actors. Streeck (1997, p. 241) describes the firms’ “internal order” as “a matter of public interest” and “subject to extensive social regulation by law and industrial agreement”. As well the markets are “politically instituted and socially regulated, and regarded as creations of public policy deployed to serve public purposes” (Streeck 1997, p. 241).

The state

Streeck (1997, pp. 241-242) describes the German state as “an enabling state” with the “capacity for direct intervention in the economy”, predictable governmental policies “allowing economic agents to develop stable expectations, pursue long-term objectives and build lasting relations with one another”. Groups in civil society are somehow assisted in organizing themselves. “It is through state-enabled collective action and quasi-public, ‘corporatist’ group self-government that the German political economy generates most of the regulations and collective goods that circumscribe correct and underpin the instituted

markets of soziale Marktwirtschaft.” (Streeck 1997, p. 242). The same author points to the corporation among competitors as well as to the bargaining culture between organized groups, “conducted through publicly enabled associations” as the “most distinctive feature of the German political economy” (Streeck 1997, p. 242). Other specific features of the German system can be found in the presence of strong trade union recognition (Lane 2000), a common technical standard setting (Hall and Soskice 2001), and high public spending on infrastructural support, research and development and social protection (Streeck 1997). Generally spoken, Germany can be described as a highly regulated environment (Quintanilla et al. 2004) situated at the opposite pole on the “liberal market economy” (LME) – “coordinated market economy” (CME) spectrum according to Hall and Soskice (2001). With respect to labor market regulation there are some main specification in the German system that also have a high influence on host-country effects as the reminder of the chapter will show (see e.g. Bosch and Charest 2008, Tempel et al. 2005, Wächter and Müller-Camen 2002, Williams and Geppert 2006, Lane 2000, etc.) : system of co-determination with strong work councils’ presence, openness to collective bargaining and unionism, and the system of dual vocational education and training (dual VET).

Even though strong ties between works councils and unions exist (Giardini et al. 2005) there is still sort of a clear separation between the two (Lane 2000). The rather far-reaching co-determination rights force management to seek agreement with work councils in many areas such as training, pay, etc. (Williams and Geppert 2006). Management has to adapt to a “consensual style” as work councils representatives are legally empowered with important institutional resources (Ferner et al. 2012).

Industrial Relations

In Germany, as we will see in the remainder of this sub-chapter, IR is an especially interesting field to study host-country effects. Authors as Giardini et al. (2005) and Wächter and Müller-Camen (2002) describe the constraining environment of the German context. “The German system of industrial relations has been a vital part of the business system, both in its capacity of promoting social peace and through its indirect influence on the quality of labor” (Lane 2000, p. 212). Lane (2000, p. 212) further points to the “important features” of collective bargaining and co-determination mechanisms in which “clear separation of functions between unions and works councils” exist, which impacts the “high levels of skill training”, “high levels of employment security”. The same author claims that bargaining at industrial level led to “egalitarian wage distribution, promoting solidarity and union strength” although a trend in the 1990’s led to towards a certain degree of decentralization (Lane 2000, p. 212). Another important point to make is that within Germany there are remarkable differences related to IR between regions and classes of firm size, which can make it rather difficult to clearly isolating German-country effects (see e.g. Muller 1998, Tempel et al. 2005).

Education and Training

As discussed previously, Germany in comparison to other countries has a rather highly skilled workforce (Hollingsworth 1997), which is closely related to the system of dual vocational training mentioned by many authors (see e.g. Almond et al. 2005, Muller 1998). Kerckhoff (2001, p. 5) describes the standardization of the education quality in Germany as high. There are minimum standards defined in the federal law on vocational education and training (Berufsbildungsgesetz BBiG 2007). The practical part of the education is completed in business organizations, which also provide the infrastructure, whereas the “academic” part is in charge of public authorities (Hanhart and Bossio 1998). Business organizations are rather limited in their scope to adapt qualifications and educational content and form (Hanhart and Bossio 1998). Further features of the German education and training system are the strong technical education, the emphasis on technical expertise, the internal functional career path, and the low degree of so called job hopping (Schröter 2013). The system brings along the effect of savings on recruiting and induction cost for externally recruited employees as apprentices can go over on a fixed working contract after termination of their apprenticeship (Mühlemann und Wolter 2007). The US per contra relies heavily on the

external job market to fill vacancies. Compared to Switzerland the cost for the dual VET is relatively high for organizations in Germany (Schröter and Davoine 2013). Davoine and Ravasi (2016) also show differences in career paths when comparing German, French, Swiss, and Great British managers. Those differences by country might also impact the use of foreign managers (even in subsidiaries of US MNCs).

Financial System

Whitley (2000) describes the German financial system as credit-based with banks playing a central role and much less exposed the short-term goals of the capital market than its American counterpart (see also Hollingsworth 1997). Cross-holdings in ownership are shielding the companies from take-overs and short-term pressure and the system is generally much more stakeholder focused compared to the US (Lane 2000). Nevertheless, as Hollingsworth (1997) describes, the historic importance of banks has been declining recently which paved the way for the shareholder value to gain in importance. Goutas and Lane (2009) point to the fact that even though big German MNCs as Daimler or Volkswagen have sort of adopted the concept of the shareholder value, the outcome is still a translated version into the German context.

Trust and authority relations

Corruption in Germany is low and the country is ranked 13 with a score of 79/100 in the 2012 “Transparency International Corruption Perception Index”.¹⁰ Hofstede (2001) characterizes Germany as a country with small power distance and strong uncertainty avoidance. The resulting organization type called “work-flow bureaucracy”. Barmeyer and Davoine (2008) are describing the culture and management in Germany according to Hofstede’s term “the well-oiled machine”. Another characteristic of the German culture and management style is the high degree of autonomy within defined jobs and the functioning according to formal rules and procedures (Whitley 2000).

To conclude this short introduction into the German business system, which serves as a basis to understand the host-country effects described in the remainder of this sub-chapter, the following tables of the key institutional features of Germany and the summary table of the business system characteristics (according to the NBS model by Whitley 2000) give an overview and show the distinctive differences compared to the US system (see sub-chapter 3.1 “The US Business System – Background to Home-Country Effects in the MNC Environment”).

¹⁰ <http://cpi.transparency.org/cpi2012/results/>

Table 4.2: German Key institutional features

Key institutional features structuring business systems	Germany
The state	
Strength of state's coordinating and developmental role	Considerable
Strength and incorporation of intermediaries	Considerable
Strength of market regulation	High
Financial System	
Capital market or credit based	Credit
Skill development and control system	
Strength of public training system	High
Union strength	High
Dominant organizing principle of unions	Sector
Centralization of bargaining	High
Trust and authority relations	
Trust in formal institutions	High
Authority	Communitarian
Typical business environment	Collaborative

Table 4.3: German business system characteristics

Business System Characteristics	Germany
Ownership coordination	
Owner control	Alliance
Ownership integration of production chains	High
Ownership integration of sectors	Limited
Non-ownership coordination	
Alliance coordination of production chains	High
Collaboration between competitors	High
Alliance coordination of sectors	Some
Employment relations	
Employer-employee interdependence	High
Delegation to employees	High

4.2.2 German Host-Country Effects

Based on the understanding of the German business system (as discussed above) in this sub-section the German host-country effects that could be found in the desk research will be

presented. It starts with a general description of diverse patterns and effects that can be traced back to the German business system and that are partly related to the industrial relation preconditions. Further the six areas of HRM practices as used for the US home-country effects (recruitment and selection, training and development, compensation and benefits, performance appraisals, codes of conduct, corporate culture) serve as a structuring pattern to present more findings. Finally the aspect of micro-political influences and local actor's influence will be discussed at the end of this section.

General patterns and effects related to IR

All following examples of German host-country effects are pulled from examples in US MNC contexts. Wächter et al. (2004) see, as other authors (e.g. Singe and Croucher 2005), the US and the German business system as located at the two opposite ends of a spectrum – e.g. with regards to IR, corporate governance, and dual VET – which makes especially the transfer of practices from US MNCs to German subsidiaries rather difficult. Where the US system can be summarized as liberal (Hall and Soskice 2001) the German institutional context is noticeable even for MNCs with the clear goal of an avoidance strategy towards the regulative influence of the German system. Even though the principles of the shareholder value found its way into the management of German firms (Hollingsworth 1997), along with other management principles, the “[r]ecognition of the usefulness of US models in context cannot however be equated with adopting them” (Singe and Croucher 2005, p. 125). Müller-Camen et al. (2001) argue in the same direction pointing to the increasing difficulty of HRM transfer and more visible host-country effects as institutional distance is growing.

As we have seen in sub-chapter 3.1 “The US Business System – Background to Home-Country Effects in the MNC Environment” there are examples of how US MNCs innovate, develop and adapt HRM practices in order to keep principles in line with global guidelines. On the other hand Wächter et al. (2004) mention how a breakup of formal rules and central guidelines can occur when means of control are decreasing, for example when there are restrictions in financial resources. A general German host-country effect found by the same authors is the limited focus on the above discussed shareholder value and the short term financial results.

Müller-Camen et al. (2001) found relatively low activities of foreign-owned companies in Germany when comparing to the neighbouring nations, which has to do with the strong institutional environment in Germany. The authors find the so called “Rhineland capitalism” as, with its strong regulations as being present in Germany. The assumption that MNCs would therefore relocate their subsidiaries to other, less institutionally dominated countries is not confirmed, as other arguments as market attraction and market potential, strategic importance, and special knowledge and expertise are favourable for having a subsidiary presence in Germany (Müller-Camen et al. 2001). The presence of special expertise and knowledge is at the centre of discussion when the micro-politics kick in, a topic that is discussed at the end of this part (Geppert and Williams 2006). As Almond et al. (2005) put it institutions can serve as resources or constraints. Muller (1998, p. 733) refers to three main institutional features proper to Germany: “The key labour and IR institutions of multi-employer collective bargaining, co-determination and initial vocational training in particular exerts pressure to follow a pluralist HRM and IR strategy [on MNCs].” According to Muller (1999) do those three features exert some impact for example on pay (in the case of multi-employer bargaining), organisational autonomy (in the case of co-determination), and training and development (in the case of initial vocational training and). Almond et al. (2005) found German host-country effects in US MNCs in their study in the example that even though sectoral agreement was dropped, a new firm level agreement was found in collaboration with “a moderate union”, although the agreement specifies only minimum rather than actual terms. In the same case the works council was in place. Another German host-country effect discussed in the same paper is the example of employee dismissals, where a solution was found with voluntary early retirement and redeployment instead of direct dismissals. Müller-Camen et al. 2001 also found examples where no collective dismissals were used, an effect that can be traced back to co-determination and local cultural and

institutional features. In line with this Wächter et al. (2004) found union presence in the German subsidiary of a US MNC, along with labour agreements which were established inducted by public pressure. In the same case the presence of a works council was there which had a good collaborative relationship with the management. Besides these effects, Wächter et al. (2004) found as well social compensation plans, redundancy programs, labour agreements, and flexible working hours, all of those signs of the strongly regulated job market with its labour laws, collective agreements, powerful associations, unions and works councils. The presence of collective agreements (unions), co-determination (works councils) and the dual VET could also be detected by several other authors (see e.g. Singe and Croucher 2005, Muller 1998, Royle 2010).

Recruitment and Selection

As we have learnt throughout the sub-chapter related to US home-country effects (see sub-chapter 3.1 “The US Business System – Background to Home-Country Effects in the MNC Environment”) US companies are very innovative when it comes to HRM practices. With respect to recruitment and selection the fact that Muller (1998) in his case study did hardly find any implementation and presence of personnel tests for recruiting in the German subsidiaries can be interpreted as host-country effect. Muller (1999) described the selection and induction process as following policies aiming to select highly committed and flexible workforce. Thereby an analysis of applications with screening CV's, school reports, academic records, and reference letters was part of the process along with first round interviews. The screening of application documents is assumed to be of higher importance in Germany, as comparability is more present due to standardized norms in the educational system in Germany. As the position increases in hierarchical terms, the number of interviews mounts. A practice that can be allocated to the host-country environment is that only management trainees undergo formal tests and assessments as others receive initial and/or further vocational training. Thus the dual VET has its impact also on recruitment and selection practices. A very prominent example of host-country effects related to recruitment policies is that in Muller's (1999) case the works council of a firm stopped the introduction of an assessment center for selection of management training. The reason behind was the opposing mindset or the works council to further increase the hiring of employees with a university diploma, as they worried about the reduction of career prospects of non-academic employees. Again this effect can be traced back to the co-determination system in Germany, one of the three specific features of the German business environment besides collective bargaining and dual VET. The mentioned example of the host-country effect becomes even clearer as we remember that one of the identified US home-country effects was the hiring of university graduates.

Training and development

Most of the German host-country effects found in the desk research are closely related to the German system of dual vocational education and training (dual VET). Several authors (see e.g. Singe and Croucher 2005) found a participation of US MNC subsidiaries in the dual VET system in Germany. Almond et al. (2005) found that local management justified the participation in the dual VET system as part of the program to achieve the corporation's goal to build up a highly qualified workforce. Somehow this justification can be interpreted as political move of a local actor participating in a micro-political game. The same authors described as well a clause granting a right to training for the workforce in a collective agreement of a firm with work representation. Further qualitative flexibility of trained work force also served as an argument for local managers in the same study, thus being identified as related to employment security and being a German host-country effect. Muller (1998) described some of the US MNCs in his study as being fully system compliant with dual VET as a significant part of the German subsidiary workforce were apprentices, even though no legal requirement can force the MNC to behave according to the local customs. The same study showed that in some cases dual VET was introduced due to public pressure that was exerted by the responsible Chamber of Commerce. Still Muller (1998) in the same case study

found presence for job rotation for apprentices along with training investment in apprentices and graduates that included as well off-the job training (means that not only job-specific training is provided), thus this can again be classified as German host-country effects. In his paper in 1999 Muller pointed out some similar effects when detecting participation in dual VET and provision of on- and off-the-job trainings. He even emphasizes that training in form of standardized certified courses were provided to employees. In his study Muller (1999) came also across some effects related again to the German system of co-determination, when employee representatives took an influence on training content, access to training, and communication. Further the works council could promote the internal labor market by asking for vacancies to be posted internally, a preference that can partly be explained by the system of dual VET.

Compensation and Benefits

Compensation and benefits in German subsidiaries of US multinationals are clearly influenced by the feature of collective bargaining. Muller's (1999) study shows a difference between tariff employees and exempt employees. For tariff employees the collective bargaining had an impact on the setting of minimum wages and basic pay. Even though exempts employees are less "exposed" to collective bargaining, their compensation and benefits part, along with other parts, is still influenced by the German institutional setting, namely when it comes to the co-determination system. Muller (1999) found in his study that the works council prevented the introduction of a job evaluation system. The same author also points to the fact that due to employee representation in Germany flexible pay systems are less widespread than in other countries, specifically when compared to the US. Royle (2010) describes how a collective agreement in the fast food sector led to a pay raise in German subsidiaries of US companies. Further other benefits, which can be termed working conditions, were also improved, for example the company started to wash the working uniforms of employees. The sectoral agreement, clearly a German host-country effect, was as well dealing with improvement of paid holidays and allowances for unsociable hours. Muller (1998) found influences from collective bargaining on the following areas of compensation and benefits practices: basic pay, merit increase, working hours, paid breaks, holiday entitlement, bonuses, overtime rates, and sickness provisions. Muller found as well a more balanced pay structure due to collective bargaining, which reflects the aspect of the "soziale Marktwirtschaft". Again signs for less importance of variable pay and bonuses along which goes with higher percentage of fixed salaries were as well effects shown in this study. Cases were present in Muller's study, where new salary systems were blocked by works councils. Almond et al. (2005) found as well that the works council got involved in allocating individuals to bands, which was not the case in other host-countries, thus another German host-country effect present.

Performance Appraisals

In this area only a limited number of German host-country effects could be found in the literature review. Almond et al. (2005) found that a European (not purely German) system of performance appraisals replaced an American version which contained a much more complex performance matrix. The fact of lessening the complexity for assessing the individual performance can be interpreted as host-country effect knowing the preferences stemming from the American business system. The same authors also found evidence that in the German subsidiary no system of forced distribution was present, whereas in other countries of the US MNC such systems were introduced. Those agreements were found with union representatives. Related to this even bad performers received a collectively agreed wage increase in their basic salary.

Muller (1999) could also show the influence of the works council on the content and shape of the performance appraisals, its introduction or change. For example no goal-setting was included in one case as this would put unnecessary pressure on employees.

Codes of conduct

Barmeyer and Davoine (2011) describe four functional characteristics of codes of conduct: formalization of detailed rules, internal and external communication of the corporate responsibility, instrument of control and regulation, and instrument of the corporate culture. Barmeyer and Davoine did not find a direct adaptation of the code of conduct in the German subsidiary of the US MNC, but found signs of a loss in credibility and legitimacy. Some of the interviewed persons even talked about a business handicap referring to the code of conduct. Included elements as “whistle blowing” were designated as “denouncing”, “Stasi method”, or “totalitarian” (Barmeyer and Davoine 2011, pp. 18-19). Although there was no evidence for direct adaptation there were still cases of “stylistic reformulation” of codes. Still Barmeyer and Davoine (2011) outline German host-country effects in form of legal procedures to respect when implementing codes of conduct, which shows again the power that is attributed to the works councils in Germany. Talaulicar (2009) in his case study of Walmart and Honeywell describes how a legal process was triggered for the same reason, as the US-company implemented a code of conduct without consulting the works council. The works council found that parts of the code violated the local laws (e.g. no personnel and romantic relations between employees, a restriction that is against the German constitution rights). The present case showed inconformity of content and process of implementing a code of conduct in the German institutional setting. Talaulicar (2009) points to the differences in home- and host-country as the underlying problem, with different ethical standards and different legal and cultural environments as probably the central topic. For companies that are listed at the New York stock exchange market, having a code of conduct is an obligation. Most US MNCs opt then, for simplicity reasons, to apply a global standard code, applicable in all host-countries (Talaulicar 2009). The adaptation of the code as described by Talaulicar is only one of different host-country effects. Barmeyer and Davoine (2011) outline, how some people in the host-country subsidiaries refused to sign the code. With this aspect we are slightly entering the topic of micro-political games, when the institutional frame serves as argument against the implementation of a code of conducts. Barmeyer and Davoine (2011) describe this as the role played by the “cultural identity” of the subsidiary.

Corporate Culture

Corporate culture is a very broad concept enfolding many aspects of the host-country institutional environment. In this section only elements that were not related to one of the other 5 areas outlined above shall be presented when treating German host-country effects. Muller (1999) brings up the topic of communication and leadership. He found evidence for a more cooperative and participative leadership style in the German subsidiary of a US multinational. Communication is definitely influenced by legal requirements about information sharing from managers to employee representatives. Further, communication in German subsidiaries turned out to be not exclusively top-down (American) but also bottom-up in form of works council meetings, which is again based on the Works Constitution Act. Wächter et al. (2004) emphasize that the concept of culture in Germany is seen as something that has grown over time and is not seen as a management instrument. The same authors found evidence for adaptation of or even resistance towards cultural rituals (e.g. adaptation of procedures of employee of the month and other rewards). Adaptation was as well found by Wächter et al. colleagues (2004) with respect to diversity management.

Micro-politics

As Williams and Geppert (2011) put, the IR system in Germany is relatively robust and gives power and resources to local actors to resist external influence. It provides a toolkit for local actors to strategizing and negotiating compromises. The boundaries between micro- and macro-elements are not easy to detect when reviewing the literature. One could say that the elements found by Edwards et al. (2006) of adaptations of work organizations or the resistance of introduction of temporary workers can be classified as micro-political decisions. And that the effect found by Almond et al. (2005) where local managers “sell” the dual VET

as part of the program to build up a highly qualified workforce can be seen as a political move from local actors. But as far as the desk research for this work reached, hardly any micro-political effects can be attributed to host-country behavior in German subsidiaries of US MNCs. Effects as the employment security and negotiations about relocating subsidiaries are heavily influenced by the institutional setting as for example the education system in Germany creating special expertise which in turn serves as an argument to keep subsidiaries in Germany (see. e.g. Geppert and Williams 2006). The strategic position, the performance and the embeddedness of the subsidiary (Geppert and Williams 2006) are all factors determining micro-political decisions along with the local networks, and general local expertise (Edwards et al. 2006). But again, can the absence of personnel tests in the recruiting process (Muller 1998) be traced back to a negotiation process? Finding answers in the existing literature about German host-country effects in US MNCs is very difficult and something the present dissertation is seeking to add to.

The following table concludes the findings of German host-country effects in the US MNC literature:

Table 4.4: German host-country effects

HRM Practices	German host-country effects
Effects related to IR <i>Referring to:</i> <i>Wächter et al. 2004,</i> <i>Singe and Croucher 2005,</i> <i>Almond et al. 2005,</i> <i>Müller-Camen et al. 2001,</i> <i>Muller 1998,</i> <i>Royle 2010</i>	collective bargaining (e.g. firm level agreement with “a moderate union; labour agreements which were established inducted by public pressure) co-determination (e.g. no collective employee dismissals - solution found with voluntary early retirement and redeployment) engagement in initial vocational training limited focus on shareholder value and the short term financial results
Recruitment & Selection <i>Referring to:</i> <i>Muller 1998,</i> <i>Muller 1999</i>	general impact of dual VET on Recruitment and Selection hardly any implementation and presence of personnel tests for recruiting in the German subsidiaries higher importance of screening of application documents in Germany subsidiaries, due to better comparability as a consequence of standardized norms in the German educational system introduction of assessment centre stopped for selection of management training – works council's opposing mindset in order to not further increase the hiring of university graduates, which would cause reduction of career prospects of non-academic employees
Training & Development <i>Referring to:</i> <i>Singe and Croucher 2005,</i> <i>Almond et al. 2005,</i>	participation of US MNC subsidiaries in the German dual VET system bargained clause granting a right to training

HRM Practices	German host-country effects
<i>Muller 1998,</i> <i>Muller 1999</i>	<p>training investment in apprentices and graduates that included as well off-the job training, job rotation for apprentices, standardized certified courses</p> <p>employee representatives taking influence on training content, access to training, and communication</p>
Compensation & Benefits <i>Referring to:</i> <i>Almond et al. 2005,</i> <i>Muller's 1999,</i> <i>Royle 2010,</i> <i>Muller 1998</i>	<p>general impact of collective bargaining on compensation and benefits (minimum wages and basic pay, flexible pay systems less widespread, collective agreement in the fast food sector led to a pay raise, merit increase, working hours, paid breaks, holiday entitlement, bonuses, overtime rates, and sickness provisions)</p> <p>Influence of co-determination on compensation and benefits (preventing introduction of a job evaluation system, new salary systems were blocked by works councils, allocating individuals to bands)</p>
Performance Appraisals <i>Referring to:</i> <i>Almond et al. 2005,</i> <i>Muller 1999,</i>	<p>European system of performance appraisals replaced American version</p> <p>no system of forced distribution present</p> <p>bad performers to receive collectively agreed wage increase</p> <p>influence of the works council on the content and shape of performance appraisals (e.g. no goal-setting included in performance appraisals in order to avoid putting pressure on employees)</p>
Codes of Conduct <i>Referring to:</i> <i>Barmeyer and Davoine 2011,</i> <i>Talaulicar 2009</i>	<p>stylistic reformulation</p> <p>law case as procedures to implementing codes of conduct were not respected (inconformity with content and process of implementing)</p> <p>refusal of employees to sign the code (cultural identity)</p>
Corporate Culture <i>Referring to:</i> <i>Wächter et al. 2004,</i> <i>Muller 1999</i>	<p>cooperative and participative leadership style in the German subsidiaries</p> <p>communication influenced by legal requirements about information sharing from managers to employee representatives, thus communication in German subsidiaries not exclusively top-down</p> <p>concept of culture in Germany is seen as something that has grown over time and not as a management instrument</p> <p>adaptation of and resistance towards cultural rituals and diversity management</p>
Micro-politics <i>Referring to:</i> <i>Almond et al. 2005,</i>	<p>adaptations of work organizations, resistance of introduction of temporary workers</p>

HRM Practices	German host-country effects
<i>Edwards et al. 2006</i>	“selling” dual VET as part of program to build up highly qualified workforce

Even though the present sub-chapter has divided the German host-country effects into the 6 categories of HR practices, the underlying basis of almost all effects can be traced back to the three elements of collective bargaining, co-determination, and dual VET.

Similar to the present sub-chapter, the next sub-chapter will discuss host-country effects in France, starting with a brief description of the French NBS to have institutional background knowledge on the later presented host-country effects.

4.3 French Host-Country Effects in US MNCs

4.3.1 The French NBS

This sub-chapter describes the French national business system (according to Whitley 2000). It serves as an understanding of the French host-country effects which are outlined in the next sub-chapter.

The state

“The centralisation of power in France rests on centuries of tradition, during which Paris was always dominant, and the state was always looked to as the provider of welfare and order.” (Redding 2005, p. 145) Redding (2005) points out that France’s reputation of being the most state dominated system in OECD was weakened recently by a tendency of decentralization but is still far away from the Anglo-US form of free market capitalism. France is today known for its “state capitalism”, with a constitution assigning a lot of power to the president and the parliament (Roche 2013). The state in France is rather heavily involved in the economic development and besides family ownership the country is market by a strong state ownership pattern of firms (Maclean et al. 2007). France has a particular mode of elite coordination of state, business and finance, a model that has brought advantage of big business organizations recently (Redding 2005). According to the same author the state saw the large leading firms of the country as being the instrument for “a desired societal transition in which social, technological and regional development policies could be implemented” (Redding 2005, p. 144). The French state is one of the most important employers in the country, with functionaries being part of the “elite” after an education in one of the “Grandes Ecoles”. In short, the French state is actively intervening in the economy and is a risk sharing actors in the country’s business (Roche 2013).

Financial system

Following Whitley’s (2000) classification, France can be described as having a credit-based financial system in place and is therefore much more similar to Germany than to the US in this respect. Redding (2005, p. 144) outlines that the pressure of EU legislation has an impact on France of becoming more market driven. Nevertheless the author claims that with more than 40% of bank lending the financing system in France is still far away from US-American

figures (23%). Redding (2005) classifies the French capital as being rather patient and long-term oriented. Consequently, as Whitley (1997) describes, the money lenders are dependent on the borrower's performance, and the money borrowers are dependent on the confidence the lenders put in them. O'Sullivan (2007) argues that the state influence on the financial system has been rapidly decreasing since the 1990's, when strategies of external expansions turned the attraction to financial markets. Today French banks are still the leading force in giving access to capital despite the above discussed pressure on France of liberalizing the financial markets and the French "elite" has been continuously able to at least influence the external investment into French companies (O'Sullivan 2007).

Educational system

Education is a topic that is centrally "managed" by the "Ministry of National Education" in France (Davoine et al. 2000). The educational system is harmonized nation-wide with the state holding a monopoly over the "Grandes Ecoles" and university degrees and titles (Roche 2013). In France the obligation for school attendance is related to the student's age, after the age of 15 students are free to choose their continued education. The "baccalauréat" (diploma after secondary school) gives the student's access to high schools. In 2011 more than 70% of one student generation passed the exams to obtain the "bac".¹¹ Compared to the German system of "dualization" and "specialization" the French system is described as "unitary" and "generalist", in which "children are successively filtered by academic examinations in the general educational system and only "failures" enter state practical training organizations, which are often poorly funded and have low social prestige" (Whitley 2000, p. 50, see also Davoine et al. 2000). Technical education programs in France are coordinated by the state in collaboration with employer associations and trade unions (Roche 2013). The French state dictates an investment of the companies in continued education that has to equal at least 1.6% of the personnel salary expenditure.¹² Higher education in France is provided by universities and academies, amongst which the so called "Grandes Ecoles" (e.g. ENA – École Nationale d'Administration) are a French specificity, which have the reputation of forming the national "elite" and which are only allowing the very best students to registering for courses (Maclean et al. 2007, Davoine et al. 2015b, Davoine and Ravasi 2016). The best graduates of those "elite academies" are then "[invited] to join one of the civil service grands corps, such as the Inspection des Finances [...]" (Maclean et al. 2007, p. 543). Maclean (2007, p. 543) and her colleagues see this system as "encouraging an esprit de caste, again strengthening the tight-knit ties amongst the ruling elite". Schmidt (1996) titles the French "elite" as corporatist, referring to the strong personnel networking and relationships between those sharing the same educational background and to the ties of those people to the French state.

Industrial Relations

Collective bargaining in France reaches a very high score of a coverage of 90%, although trade union density (employees being member of a union) is only 8%.¹³ The paradox situation in France is that with a union-member-rate below 10% the country counts for one of the lowest rates in Europe, although unions cover nearly all sectors and are strongly present in companies. Their negotiation power is rather high.¹⁴ Within a company there are multiple bodies to represent the employees¹⁵: Le Comité d'Entreprise (Enterprise Committee) – which is constituted by employee representatives and a president representing the employer side. The Comité d'Entreprise (CE) is a rather weak committee with power restricted to consultation of relevant questions about the business in general, work conditions, and social activities. Companies with more than 11 employees vote an employee representative which

¹¹ <http://www.education.gouv.fr/cid143/le-cacculaureat.html>

¹² <http://www.education.gouv.fr/cid217/la-formation-tout-au-long-de-la-vie.html>

¹³ <http://www.eurofound.europa.eu/eiro/country/france.pdf>

¹⁴ <http://www.eurofound.europa.eu/eiro/country/france.pdf>

¹⁵ <http://www.eurofound.europa.eu/eiro/country/france.pdf>

can speak up to the management board. Where unions are represented, a union delegate has negotiation rights for collective agreements. Several employer organizations exist, with a participation rate of 75% in France.

Negotiations between social partners are rather decentralized in France. Collective agreements are signed at sectoral, regional or company level, with the option for the state to widen the agreements out to national level. Even though the state is involved in the social dialogue, it can still be described as rather tense.¹⁶

Trust and authority relations

France has a stable institutional context with banks, legal systems, educational systems, politics and health care systems the country can rely on (Redding 2005, Roche 2013). Although the level of trust in general in France is rather low, reflecting the weakness of the civil society (Redding 2005). For example, French people perceive corruption in their country as existent – rank 22 with a score of 71/100 in the 2012 “Transparency International Corruption Perception Index”.¹⁷

The relationship between French employees and employers is described as ambivalent (D'Iribarne 2008). Hierarchical distance is rather high and formally respected on the one hand, on the other hand the French are seen as rather insurgent towards authority in general (D'Iribarne 2008, Hofstede 2001). Whitley (2000, p. 53) describes this situation of the French authority relations as “quasi-feudal” (based on D'Iribarne 1989) which can be traced back to the country's historical background (Roche 2013). Although the rebel-spirit seems to be present, formalism in a business context is respected and rooted in the educational system of the country, leading to some sort of “diploma halo” for those having passed their formation in one of the “Grandes Ecoles” (Davoine 2005, Evans et al. 2002). Additionally, the characteristic of “individualism” is said to be rather high for French people, and their management style classified as “human pyramid” (Hofstede 2001). Hierarchy is rigid and multi-level with a management style based on a top-down approach (Roche 2013).

Equally to the sub-chapter on the German NBS this introduction of the French NBS, which serves as background knowledge to better understand the French host-country effects in a US MNC environment, will be summarized by two tables showing the key institutional features and business system characteristics of France according to Whitley (2000).

¹⁶ <http://www.eurofound.europa.eu/eiro/country/france.pdf>

¹⁷ <http://cpi.transparency.org/cpi2012/results/>

Table 4.5: French key institutional features

Key institutional features structuring business systems	France
The state	
Strength of state's coordinating and developmental role	High
Strength and incorporation of intermediaries	Low
Strength of market regulation	High
Financial System	
Capital market or credit based	Credit
Skill development and control system	
Strength of public training system	High
Union strength	High
Dominant organizing principle of unions	Sector
Centralization of bargaining	High
Trust and authority relations	
Trust in formal institutions	Some
Authority	Quasi-feudal
Typical business environment	Directional

Table 4.6: French business system characteristics

Business System Characteristics	France
Ownership coordination	
Owner control	Direct
Ownership integration of production chains	High
Ownership integration of sectors	High
Non-ownership coordination	
Alliance coordination of production chains	Low
Collaboration between competitors	Low
Alliance coordination of sectors	Some
Employment relations	
Employer-employee interdependence	Low
Delegation to employees	Low

4.3.2 French Host-Country Effects

As described in the introduction of this dissertation there is only very few information on French host-country effects in the US MNC literature. Müller-Camen et al. (2001, p. 438) state that especially the IR role of MNCs in France has attracted less attention than in other countries (such as Germany, UK, or Ireland). As a reason behind the authors see the nature

of the French IR system which has, unlike Germany, not a huge tradition of collective workplace regulation for MNCs to break away from. Most firms appear to act pragmatically following legal requirements to negotiate with the main unions. Although in France there is a broad coverage of collective bargaining, the institutional and legal backgrounds tend to be weaker than in Germany. Grillat and Mérignac (2011, p. 87) state as well that only very little francophone research has been done on international human resource management related to French companies with respect to integration and coordination of MNC subsidiaries. Authors like Jaussaud (2006) and Schaaper et al. (2013) approached the topic from the French MNC perspective, mostly focusing on the use of expatriates in foreign subsidiaries. Also based on the French MNC perspective Roche (2013) presented a very comprehensive work that will be referred to further below. Under these circumstances the present sub-chapter will be slightly different compared to the presentation of German host-country effects in the US MNC literature. In a first step, the findings of French host-country effects in US MNCs will be presented. In order to get a better understanding of the influence of the French context on the transfer of HRM practices, assumption based on French host-country effects from MNCs other than American and French home-country effects will be shortly discussed. The present study will help to close some gap in this research area outlined above.

French host-country effects in US MNCs

Gooderham et al. (1999) found that the union presence in France (although union density is rather low¹⁸) influences not mainly management practices as such, but shape the role of the personnel function. French unions do not have the same weight as their counterparts in Germany but are still absorbing resources from HR managers and their presence require a high level of legal expertise when dealing for example with the “Inspection du Travail”, a public body which is occupied with employment legislation. According to Gooderham et al. (1999) there is more engagement of French HR managers in so called calculative personnel tasks than in collaborative personnel tasks (see sub-chapter 1.3.2 Nature, Focus, and Level of International HRM). Similarly Almond et al. (2005) find the strong tradition of state regulation of the workplace as being source of constraints on management in France in the areas of restructuring and formal collective representations. The authors found French host-country effects in the adaptation of performance evaluating systems, namely when it comes to forced distribution. Indeed forced distribution is used to determine levels of pay increase but was refused for identifying candidates for dismissals. Almond et al. (2005) found cases where such practices have been challenged in the French labor court as it has no legal validity. Job competence must not be assessed by forced distribution, as no objective definition of acceptable performance is included. Other French host-country effects were found in the presence of collective bargaining and workforce representation. The development of own job evaluation forms could as well be identified as host-country effect. Another aspect detected was the remaining influential positions of French HR managers as experts in their highly regulated systems, although centralization processes were generally present.

Royle (2010) described in this study of McDonald’s that a dozen managers in France got arrested and imprisoned due to interfering with works council and union rights. Another French host-country effect was detected in the same study in a strike of the personnel of a McDonald’s restaurant in Paris which was lasting for 115 days.

Barmeyer and Davoine (2011) point to the fact that employee representatives in France do not have a co-determination right as their colleagues in Germany, but their rights are restricted to consultation and information. The authors found union presence in one of two French subsidiaries, which can clearly being identified as a French host-country effect. Further Barmeyer and Davoine show examples of clear cultural differences in the understanding of different concepts being part of the global code of conduct of the company, with a French interviewee giving the example of the different perception of “sexual allusions” in the US and in France. Compared to their German counterparts the French were found to

¹⁸ <http://www.eurofound.europa.eu/eiro/country/france.pdf>

be more critical towards the corporate code of conduct, something that could be assumed given the French personal traits described by D'Iribarne (2008). Further the rather distinctive French culture seems to collide with the American understanding of universalism. Barmeyer and Davoine (2011) depict as well the specific procedures (another host-country effect) which have to be respected when implementing codes of conducts in France. The authors further describe how labor legislation has a clear host-country influence on dismissals. Based on "the Novartis jurisdiction", French union members were asked to "rebel against" codes of conducts of German MNCs. In fact the code of conduct does not have the same value and is subject to different interpretation in French subsidiaries compared with their US HQ.

French home-country effects in MNC contexts and general patterns

As discussed before the current US MNC literature has only limited information to provide when it comes to French host-country effects. In order to formulate assumptions to be tested in the empirical part of this dissertation, additional information on the influence of the French national context on transfer of HRM practices shall be found by analyzing French home-country effects. Roche (2013) has provided a very comprehensive work on French home-country effects in Swiss subsidiaries. With regards to the company culture Roche (2013) lays open a strong tendency in the French culture to networking and interpersonal relationships very much based on informal and oral communication. According to her study French are looking for "success in style" although operating in a less organized environment compared to Germany or Switzerland, with less well-defined processes in place. Again, assessed against German and Swiss counterparts, French tend much more to "be on a first-name basis" with colleagues at work, something that is much more common in Anglo-Saxon countries and which has also lingual implications – no difference in English between the French "vous" and "tu". Child et al. (2000) states that French attach high importance to hierarchical differences (see also D'Iribarne 2008), combined with a trend of centralization in French management this leads to concentration in decision making at the top of an organization (Child et al. 2000). Roche (2013) describes the decision making process as "seesaw" process where different options are openly assessed. Lane (1989) refers to the difficult-to-harmonize control strategies of personal, centralized control combined with rather high levels of bureaucracy. This leads to mixed outcome which can be described as fast decision making influenced by slow bureaucratic processes (Roche 2013).

A typical French effect is the influence of the educational system on the recruitment processes (Gooderham et al. 1999). The network of the French "elite" with ties to people having the same background and the clear view of superiority of the "Grandes Ecoles" influence the job appointments (Schmidt 1996, Maclean 2007). That fact brings back the concept of authority relations (see Hofstede 2001) and hierarchy (Child et al. 2000) and is further accentuated by a different level of HR services for upper hierarchical levels (Roche 2013). In her study Roche (2013) describes several other effects as being typically French such as the ambition of having a social image (culture), focus on employee mobility and development (employee development), and organizational structures described as human pyramid with a high level of bureaucracy (see also Child et al. 2000). From a micro-political point of view the so called "political games" which are common in French companies according to Roche (2013) present an interesting topic for the empirical research. Dörrenbächer and Geppert (2009) have examined in their work on German MNCs in France the influencing factors on micro-political decisions and initiatives taken by actors, their general motivation and negotiation tactics with HQ. The three influences discovered in this Franco-Germanic context were actors' nationality, actors' career ambitions, and actors' orientation.

Kerckhoff (2001) describes the French educational system as highly standardized. However specific job skills are acquired on the job. The latter pattern letting assuming that in this area there might be less conflict with the similar approach in the US.

Grillat (2009, 2011) in her single case study describes the French companies as rather centralized with respect to recruitment and training and development; ethnocentric with formalized and standardized HR policies. Grillat (2009) shares the view on job and firm

specific formation allowing a company internal career. However, Grillat and Mérignac (2011) state that with respect to French MNCs the level of centralization depends on the level (duration) of internationalization of the company as well as on the host market (more centralization in emerging markets). Finally Grillat (2011) sees bureaucratization in the fields of job description, recruitment processes, working hour (control), and in evaluation systems. Ferner et al. (2013) detects French companies to be more likely than American MNCs to appoint parent company expats for senior positions, thus exerting more direct personal control.

The following table summarizes both the French host-country effects found in the US MNC literature as well as the typical French patterns, practices and home-country effects as outlined just above. The next sub-chapter describes the Swiss national business system and Swiss host-country effects.

Table 4.7: French host-country and home-country effects in MNCs

French host-country and home-country effects in MNCs	
Host-country effects in US MNCs <i>Referring to:</i> <i>Gooderham et al. 1999,</i> <i>Almond et al. 2005,</i> <i>Royle 2010,</i> <i>Barmeyer and Davoine 2011,</i> <i>D'Iribarne 2008</i>	<p>collective bargaining, union and works council presence, union rights and labor legislation, consultation and information right of works representatives leading to constraints on management in France (e.g. in the area of restructuring), strikes and coordinated actions of union members have an influence on HR practices</p> <p>the personnel function role is more focused on expertise in the highly regulated systems, more calculative personnel tasks</p> <p>adaptation of performance evaluating systems (no forced distribution for dismissals) as per legal requirements</p> <p>cultural differences in the understanding of different concepts (code of conduct), critical towards the corporate code of conduct – not attaching the same value, legal actions as procedures of implementation are not respected</p> <p>understanding of universalism</p>
Home-country effects in French companies (MNCs) <i>Referring to:</i> <i>Roche 2013,</i> <i>Child et al. 2000,</i> <i>D'Iribarne 2008,</i> <i>Gooderham et al. 1999,</i> <i>Schmidt 1996,</i> <i>Maclean 2007,</i> <i>Dörrenbächer and Geppert 2009,</i> <i>Grillat 2009 ; 2011,</i> <i>Grillat and Mérignac 2011,</i> <i>Ferner 2013</i>	<p>culture: networking, interpersonal relationships, informal and oral communication, being successful in style, being on a first-name basis, high hierarchical distance, ambition of having a social image, political games are common, ethnocentric, standardized and formalized HR policies</p> <p>organization: less organized environment compared to Germany, less well-defined processes, high importance of hierarchical differences, centralization trend, concentration in decision making at the top of organization, “seesaw” process for decision taking, high levels of bureaucracy</p> <p>education: influence of educational system on the recruitment processes, importance of network of the French “elite”, clear view of superiority of graduates of the “Grandes Ecoles”, highly standardized system with attached importance and relevance or hierarchical understanding</p>

4.4 Swiss Host-Country Effects in US MNCs

This sub-chapter treats the host-country effects of Swiss subsidiaries in US MNCs. As we have seen for France in the previous sub-chapter and as outlined in the introduction of this dissertation literature discussing Swiss companies in a MNC context tend towards zero. Only recently research under the guidance of Prof. Dr. Davoine at the University of Fribourg (Switzerland) started to examine Swiss home- and host-country effects. Therefore the literature review below, treating the Swiss host-country effects will be strongly focussed on findings of the mentioned research group. In that sense this dissertation seeks to add to this distinctive area of research and tries to close some respective gap. Prior to discussing those effects, a short description of the Swiss national business system according to Whitley's (2000) framework shall be the basis of a better understanding of the institutional background and thus of the effects found in the presented case studies.

4.4.1 The Swiss NBS

Generally spoken, the Swiss business system can be titled a collaborative type with high degree of collective organization and cooperation (Davoine and Schröter 2010, p. 6.)

The state

Switzerland is "fragmented" into 26 cantons which all together form the country in a federalist manner. The cantons are differing from each other in terms of their history, religious predominance or even of their language. With respect to the language aspect Davoine et al. (2014) have shown the importance of language in Swiss subsidiaries of French MNEs. Switzerland has to a great extent an internal heterogeneity but is seeking as a country unity in diversity (Imhof 2007). Mach and Trampusch (2011, p. 15) describe what they call a "constrained policy capacity of the central state" due to the Swiss federalism and the present direct democracy. There is a high autonomy for each single canton with relation to tax, education, health care, and legislature (Mach and Trampusch 2011). Schröter and Davoine (2009) argue that the Swiss state is very pragmatic in their engagement of economic development of the country. Intervening relatively rarely in the market economy the Swiss state is rated "liberal" although a "selected protectionism" for domestic producers against "strong international economic competition" (Mach and Trampusch 2011, p. 19). The authors, (based on Katzenstein 1985) describe Switzerland as a liberal version of a corporatist democracy. Unlike the previously described countries of Germany and France, Switzerland does not have a head of state in place but a committee of 7 department representatives sharing uniformly distributed power with the presidential role being assigned to one of the 7 in an annually rotating system. Schröter and Davoine (2009) describe the importance of collaboration between the state and the numerous associations and interest groups in the country. Those associations and groups play an important role in the political system, lobbying for their interests, and the Swiss state prioritizes private political initiatives to resolve socio-economic problems (Roche 2013). The Swiss state subsidizes interest groups in order for them to take over some responsibilities in the socio-political life rather than assuming all tasks itself and thus inflating the governmental body (Roche 2013). In many respects, as outlined above, Switzerland can be described as special case – "Sonderfall" (Eberle and Imhof 2007, Imhof 2007, Mach and Trampusch 2011). The "far-reaching direct democratic rights" (Schröter 2013, p. 182) shape the functioning of country for example by means of use of referenda.

Financial system

The Swiss financial system has evolved from being a credit-based model towards a model with gradually increasing importance of stock market financing since the 1980's (Mach et al. 2006). There is sort of a paradox described by Roche (2013) as the Swiss banks, having a world-wide excellent reputation for their financial services, in the course of the shift in financing methods of the Swiss companies laid their activity focus on alternative activities than the traditional credit granting. The Swiss financial market described by Schröter and Davoine (2009) is marked by a very high liquidity and amounts for more than 10% of the Swiss GDP. So on the one hand there are all positive preconditions in the country for predicating on a credit-based model, on the other hand the tendency goes more in the direction of market-based financing under the international competitive pressure (Roche 2013). Mach and Trampusch (2011) conclude that given these circumstances, the Swiss financial system cannot be classified in either category (credit-based or market based).

Educational system

As described in the section discussing the Swiss state, Switzerland is marked by strong federalist mechanisms. This implies also a high decentralization in the educational system, with 26 cantons having broad space of autonomy in choosing their preferred system. Recently there were attempts to unify the educational system in Switzerland (Schröter and Davoine 2009) but to date the differences are still remaining. Compulsory school attendance ends with the age of 15/16 depending on the canton, but continued education is somewhat of a "tradition" with more than 80% of the Swiss having a degree or diploma of an education being superior to mandatory school level (Schröter and Davoine 2009). There are 10 universities and two polytechnic institutes along with numerous colleges of higher education, where a Bachelor's or Master's degrees can be acquired. In similarity to France (even though not to the same extent) there is a tendency of top management in Switzerland having a common formation background, namely possessing a degree of one of the leading institutes for further education: University of St. Gallen, Swiss Federal Institute of Technology Zurich, International Institute for Management Development Lausanne (Davoine 2005). On the other hand, compared to France, the Swiss educational system is much less hierarchically structured, attaching more importance to technical knowledge and thus being closer to the German model in this respect. In Switzerland, identically to Germany, the system of dual education and training (dual VET) is deeply rooted, leading to a strong cooperation between the state, the cantons and the companies. In this sense the institutional frame can impact the national identity of different regions in Switzerland even in the French speaking part. Whereas language clearly is a dominating cultural element impacting identity and thus also the transfer of management practices Davoine et al. (2014) show that there is no clear cut of French speaking Swiss people to be strictly oriented towards their neighbors sharing the same language. Institutional aspects have an impact. Generally technical apprenticeship's duration is of two to four years. Davoine and Schröter (2010, p. 7) point to the Swiss "consensus among employers not to free-ride" when it comes to vocational training.

Industrial Relations

Pelizzari and Schief (2009) describe Swiss trade unions as wealthy but powerless, even though they are politically integrated (Davoine and Schröter 2010). Kriesi and Trechsel (2008) describe the current situation as of existing "asymmetric power" distribution between employer associations and trade unions. The legal protection of employees has a comparatively weak standard (Pelizzari and Schief 2009). "Concerning industrial relations, we find another interesting arrangement with the so-called "Arbeitsfriede" (industrial peace), referring to a trade-union code of conduct excluding strike." (Davoine and Schröter 2010) This element amongst others is part of the so called Swiss consensual democracy (Siegenthaler 1986). But trade unions in Switzerland have a veto right and can make use of referenda which gives at least some institutional power to them (Schröter and Davoine 2010). With less than 20% union coverage Switzerland is amongst the less unionized countries in Europe, further collective bargaining is only relevant for approximately 50% of the workforce

in the country with consequently Switzerland having a very liberal labor market in place (Mach and Trampusch 2011). Trade unions have information right and in some cases a right to for consultation. All in all IR in Switzerland can be described as peaceful and consensus-oriented (Mach and Trampusch 2011).

Trust and authority relations

Bergmann (1994) perceives hierarchical structures in Switzerland as being a formal necessity accepted by all parties as contributing element to the company's success, an element also shared by Davoine et al. (2014). Compared to France, no aspect of social recognition, value-linked perception or "dignity" is attached to the notion of hierarchy (Roche 2013, Bergmann 1994, Davoine et al. 2014). Schröter and Davoine (2010) see a clear definition of tasks and responsibilities and formally defined rules as being an integral part in Swiss business environments. Based on Hofstede's (2001) typology, Switzerland can be said of having a low hierarchical distance but a high degree of mutual confidence sharing common interests and goals and seeking peacefully consensus (Whitley 2000, Roche 2013). Similarly to Germany, hierarchical superiority should be based on technical abilities and superiors are expected to master the work they supervise (Bergmann 1994). Davoine (2005) presents the Swiss career path as being close to Germany, where within a company and a function a certain expertise is built up in order to continuously progress career-wise. In their study Davoine et al. (2015a, 2015b) show that within internationalization processes of the last three decades some of the traditional interplays in the Swiss business elite are on the decline.

Switzerland has been untroubled with periods of totalitarian regimes and is globally seen as a neutral and very stable and consistent country (Schröter and Davoine 2010). The Swiss perceive corruption in their country as very limited – rank 6 with a score of 86/100 in the 2012 "Transparency International Corruption Perception Index"¹⁹. Even though individualism in Switzerland is rather high, confidence in the system and a quasi-absence of corruption form the base for a collaborative and long-term oriented functioning in Switzerland (Roche 2013).

Before describing the findings of Swiss host-country effects in US MNC literature, the following two tables summarize the key institutional features and the business system characteristics (according to Whitley 2000) of Switzerland. The discussed elements in the present sub-chapter shall help to get a better understanding of host-country effects in a Swiss context and serve as a base to formulate assumptions in the last chapter of this theoretical part of the dissertation.

¹⁹ <http://cpi.transparency.org/cpi2012/results/>

Table 4.8: Swiss key institutional features

Key institutional features structuring business systems	Switzerland
The state	
Strength of state's coordinating and developmental role	Selective
Strength and incorporation of intermediaries	High
Strength of market regulation	Low
Financial System	
Capital market or credit based	Mixed
Skill development and control system	
Strength of public training system	High
Union strength	Low
Dominant organizing principle of unions	Sector
Centralization of bargaining	Low
Trust and authority relations	
Trust in formal institutions	High
Authority	Communitarian
Typical business environment	Collaborative

Table 4.9: Swiss business system characteristics

Business System Characteristics	Switzerland
Ownership coordination	
Owner control	Alliance
Ownership integration of production chains	Considerable
Ownership integration of sectors	Limited
Non-ownership coordination	
Alliance coordination of production chains	High
Collaboration between competitors	High
Alliance coordination of sectors	Some
Employment relations	
Employer-employee interdependence	High
Delegation to employees	High

4.4.2 Swiss Host-Country Effects

Following the description of the Swiss business system in the previous sub-chapter the present part will outline the findings of Swiss host-country effects in an MNC environment. In a very recent paper Davoine and Schröter (2010, p. 1) describe that only “[f]ew studies on HRM practices in Switzerland are available and that “important changes Switzerland has undergone together with the global environment since 1990s” which brings up the need for more recent studies. Additionally the same authors claim that “institutionalist approaches have never been applied to management practices in Switzerland” (Davoine and Schröter 2010, p. 1). Therefore the below described Swiss host-country effects are based on researches done at the chair of Human Resource and Organization at the University of Fribourg, where Prof. Davoine and his team (Davoine and Schröter 2010, Schröter 2013, Roche 2013, Davoine et al. 2014, etc.) progressed in this research field. The present study seeks as well to contribute to fill this gap in the current HRM literature. For the literature review that follows is structured by paper rather than by HR practices, which allows a more accurate description of the results at hand. Further the literature considered for this review will not only include Swiss host-country effects in an US MNC environment but also enfold MNCs from Germany and France, which should help to formulate assumptions in the next part given the small number of studies existing.

Davoine and Schröter (2010) found in their study that contrary to their expectations, Swiss subsidiaries of US MNCs are for the bigger part of the sample engaged in apprentice training. This was unexpected as the so called dual VET system is something that US companies are unfamiliar with in their home-country system. A second typical Swiss effect in US MNCs was found by the same authors in membership of managers in associations. When comparing the business systems of the US and Switzerland this finding is clearly related to the Swiss context, or as Davoine and Schröter (2010, p. 19) put it “it is typical for collaborative-business systems or business-coordinated market economies”. The same study showed further examples of collective bargaining, when different subsidiaries of US MNCs took advantage of the collaborative Swiss context and pooled to gain better conditions with health insurance. The described is clearly an effect that can traced back to the host-country environment in Switzerland.

From a management point of view the adaptation of management style, especially to the consensus-oriented habits in Switzerland was an additional finding in the study by Davoine and Schröter (2010) when it comes to Swiss host-country effects within US MNCs.

Reviewing the same paper (Davoine and Schröter 2010) for Swiss host-country effects in German MNCs the picture is clearly different as the three business system (US, Germany, Switzerland) are clearly distinctive and a different outcome is due depending on the combination of the colliding national business systems. Therefore the higher degree of freedom in the Swiss IR system than in Germany or the similarities in educational systems in Switzerland and Germany make it difficult to gain insights to formulate assumptions for the empirical part of the present study, where the comparison is between the US home-country and Switzerland and Germany as distinctive host-countries. Nevertheless, there are some special “Swiss traits” detected in subsidiaries of German MNC which could also be classified as host-country effects relevant for MNC with a different origin. Again the importance of networks was found by Davoine and Schröter (2010), further the authors point to a consensual and respectful treatment and according practices when managing people (this is important in a country with a low unemployment rate and a consequently rather dry job market), based on the federalist system in Switzerland the authors did also find a tendency to outsource tax and mobility related administration. Further a less formal but still more diplomatic and less aggressive communication style can be found as Swiss host-country effects.

In his very comprehensive work Schröter (2013) describes federalism in Switzerland as well as something that has its impact on practices which can then be classified as host-country

effects. Further administrative influences stem, according to Schröter's study from the fact of Switzerland not being an EU member. With respect to IR, Schröter's study confirmed what one would intuitively presume, no union activity was found, which could be expected with the home- and host-country showing union-hostility and weak trade union activities respectively. Schröter (2013) found as well subsidiaries of the US MNC engaging in dual VET, a fact that is rather surprising given there is no such tradition in the US and no legal requirement in Switzerland, with the latter fact classifying engagement in dual VET as corporate social responsibility of Swiss companies. Schröter (2013) found also some host-country effects in the areas of training (e.g. technical training in accounting – which is a local requirement and therefore a Swiss host-country effect, training for non-managers – organized locally). Related to recruitment, the same author found several practices as to be classified as Swiss host-country effects, recruitment marketing at universities, assessment centers, integration tools for new hires, internship programs, importance of work certificates and references, use of local vacancies pages and employment forums, and the use of local associational networks. The latter can be clearly traced back to special Swiss traits. Although the other practices listed might be found in some companies in the States as well, they were identified of being only applied in the Swiss subsidiary for the special case of the companies interviewed. In one case Schröter (2013, p. 437) found a special host-country effect in form of a "certain self-fixed quota of foreign employees" which was agreed between the company and the local authorities. With relation to pay the same study shows that wage increases can be determined at local level in the subsidiaries of US MNCs. In some interviewed companies also the variable part is determined locally.

Schröter (2013) additionally found an unexpected but interesting Swiss host-country effect related to membership of subsidiaries of US MNCs in local associations, something that could not be presumed given the short-termism and contractual authority relationships in the US. Apparently the combination of the Swiss system with its networking style, direct approach to authorities and the concentration of US MNCs in certain regions make the membership of such an association highly attractive and allow the MNCs to act as a rule maker, an advantage in their economic efforts which is too good to resist. Generally spoken networking within associations, within the subsidiary, within the company, with authorities is a typical Swiss host-country effect shown by the study of Schröter (2013).

Schröter's (2013) study included as well German MNCs being active in Switzerland. Some related Swiss host-country effects which could in fact also be appearing within a US MNC were the following. Even though no legal requirement in Switzerland exists to justify lay-offs, there is most of the time still a reasons being given to the dismissed employees, a Swiss "cultural" trait that could be named "need of explanations" which can also be discovered with regards to the management style, where taken decisions are explained to employees. Secondly, similar to the US MNC environment the administration related to mobility, namely the dealing with visa and/or permissions, is a very complex and difficult task for MNCs acting in Switzerland due to the federalist system with cantons having different legislations in this matter. Schröter (2013) outlines as well that in Switzerland the legislation is more stretchable than in Germany for instance and that solutions can be found with authorities to make things happen. Even though those findings stem from practical cases within German MNCs it could also be valid in an US MNC environment and is therefore considered in this review to formulate assumptions for the empirical part of this dissertation.

To conclude this sub-chapter some Swiss host-country effects found by Roche (2013) and Davoine et al. (2014) in their respective studies of French MNCs in Switzerland shall be outlined hereafter and point to possible effects also relevant for an American multinational company environment.

The work by Roche (2013) enfolded the following findings: With regards to recruitment technical knowledge is rated very high in Switzerland. Further the topic of diversity is something that is less formalized in Switzerland given the cultural differences are seen as an everyday matter people deal with. Generally spoken, Swiss companies are less formalized than their French HQs something which can also be expected to apply for US

MNCs. Roche (2013) mentions as well the hierarchical status in Switzerland is less important than in France, a fact also supported in Davoine et al.'s study (2014). With the rather high hierarchical distance in the US we could assume that this applies also in an US MNC environment. Swiss people seem to be locally embedded and less willing to move which restricts mobility. This fact could also play a role in US MNCs when talking Swiss host-country effects.

Besides the managerial role being perceived differently Davoine et al. (2014) found also that language is an aspect that matters. In their work the authors found that regional cultures play a role and that Switzerland cannot easily be stereotyped. Whereas this aspect with some cultural (hierarchy, language, concept of time, etc.) and institutional patterns linked to both France and Germany their study came up with some prominent examples and possible challenges in a Swiss-France-German environment. How those aspects translate for an US MNC remains to be seen in the results of the present investigation.

The following table summarizes the findings of Swiss host-country effects in (US) MNC literature and helps to formulate assumptions in the following sub-chapter.

Table 4.10: Swiss host-country effects

Swiss host-country effects in MNCs	
Host-country effects in US MNCs <i>Referring to:</i> <i>Davoine and Schröter 2010,</i> <i>Schröter 2013,</i>	engagement in dual VET, apprentice training, requirement of technical education for some specific jobs collective bargaining of companies/ collaborating companies consensus-oriented management style impact of federalism on HR administration (e.g. in tax or mobility) recruitment practices: marketing at universities, assessment centers, internship programs, importance of work certificates , use of forums and vacancies pages, self-fixed quotas in relation to foreign workforce local pay determination
Host-country effects in non-US MNCs <i>Referring to:</i> <i>Davoine and Schröter 2010,</i> <i>Schröter 2013,</i> <i>Roche 2013</i> <i>Davoine et al. 2014</i>	highly rated technical knowledge importance of networks consensual management and respectful treatment of workforce, less formalistic management style outsourcing tendencies in HR administration in certain areas (e.g. tax and mobility) justifying lay-offs (need for explanations) less formalized diversity management less importance attached to hierarchy cultural and managerial aspects (language and decision processes)

After this detailed discussion on the national business systems in the three countries investigated in our study the next chapter will look into how the research framework for the

empirical investigation of the present study is based and built up on the elements presented here above.

5. The Research Framework

This chapter will outline how the study's underlying research framework deduced from the literature review parts presented here above is composed. Every previous part and chapter has contributed to different insights that are valuable contributions helping to guide the tasks in the field. The final product in form of a model as presented at the end of this section is a research framework that has eventually been applied empirically – as such it presents a conclusion to the previous section.

The present sub-chapter is structured as such that the formulated research questions in the introduction of this dissertation will guide the process here of showing what elements the framework is composed of. Before eventually presenting the frame work in a graphical figure all findings throughout the literature review are fetched to formulate assumptions and consider insights from former studies. Those assumptions are then reformulated into questions in order to support the empirical work and to find answers to the preliminary research questions.

The first research questions formulated in this dissertation were:

- i. *What are typical US HRM practices in US MNCs? Under what circumstances and how are those HRM practices influenced?*

From a literature review point of view and related to US home-country effects these questions were answered in sub-chapter 3.2 Home-Country Effects in US MNCs – Summary and Overview". Generally spoken HR is seen as originated in the US and US MNCs trying to "export" best practices to their subsidiaries abroad in order to copy and assure a successful HR management. Summarizing the typical HRM practices in the US MNCs (based upon the literature review presented previously) one would name the following elements. There is a strong mindset against unions in US companies which stems from the economic development of the country itself (see e.g. Ferner and Müller-Camen 2003, Jacoby 1991). Processes and practices are rather standardized, given companies sought to develop and implement practices in big organizations through managerial delegation, and tend to be performance oriented be it in the field of compensation and benefits or appraisals (see e.g. Chandler 1990, Wächter et al. 2004, Colling and Clark 2002). Effects from practices are sought in the short-term and the management style is direct with flat hierarchies with respected hierarchical levels (Whitley 2000, Hollingsworth and Boyer 1997, Chandler 1977, Hofstede 2001). US MNCs tend to invest in company and job specific trainings (Almond et al. 2005, Pulignano 2006). Concrete practices will tend to be well defined and formal using relatively sophisticated methods, for example in recruiting, where an influence of economic pressure is assumed to be present (Ferner et al. 2004, Muller 1998). Investment in so called high-potentials (employees) with firm specific training and a central monitoring could be found as typical US practices, on the other hand underperformers also receive programs but are laid-off rather quickly if no improvement is shown (Fenton-O'Creevy et al. 2008, Quintanilla et al. 2008). With respect to pay US MNCs have performance oriented systems and practices in place with performance being assessed in formalized appraisal systems. Paying salaries above minimum while including profit sharing practices can be traced back to the so called welfare capitalism which is the background before which many of the discussed practices developed (Jacoby 1991, Colling and Clark 2002, Cooke and Huang 2011, Edwards and Ferner 2002, Gunnigle et al. 2004). Due to the quasi absence of the state in the economical process (liberal home market in the US) US MNCs tend to develop codes of conduct and corporate values with an emphasis on the company culture that serves as external communication to society and stakeholders (Barmeyer and Davoine 2011). Communication in US MNCs is found to be rather direct and there is a high involvement of employees (Wächter et al. 2004).

Assumptions

Given the rather high number of existing literature contributions on US HRM practices in US MNCs where different practices could be found by several authors one can expect the findings in this area to be similar to the ones outlined above. The following questions are deviated from this assumption:

- a) *Are typical US HRM practices more standardized and formalized than HRM practices in Germany, France, and Switzerland?*
- b) *Are US HRM practices more performance and goal related, and more short term-oriented than HRM practices in Germany, France, and Switzerland?*
- c) *Are US HRM practices heavily influenced by the surrounding institutional frame?*
- d) *Is the corporate culture more formalized and important in an US environment than in European subsidiaries?*

These questions will eventually add to the results of former findings in this research area but have a special contribution to research as the assumptions are tested also in countries (Switzerland and France) for which relatively little studies and results exist on US MNCs.

The influence on the practices are assumed to be in line with the theory discussed above, being the institutional frame but as well micro-political influences are assumed to be found, following the more recent research stream (see. e.g. Dörrenbächer and Geppert 2011). To take these assumptions into account the following questions are added:

- e) *In how far does the institutional frame influence the HRM practices in US MNCs?*
- f) *What is the influence of the micro-political games and the subsidiary roles on the HRM practices in US MNCs?*

These questions are elements of the present dissertation that seek to add to the research in better understanding how the micro-political process and the related role of the subsidiary influence the typical home-country practices.

The second research question formulated in this dissertation's introduction was:

- ii. *What is described as “best HRM practices” in US MNCs and how are they transferred?*

Best practices are described as those practices which will lead to have a competitive advantage for the economic activities of the company (DiMaggio and Powell 1983, Bartlett and Ghoshal 1989, Kostova 1999). It would be too simple to just assume that home-country practices are the ones that eventually lead to the competitive advantage as this would suggest a non-contextual approach to the subject (Yu and Wu 2009). But again with HRM begin originated in the US and the pressure of international competition and for economic success, companies might tend to just copy practices that are successful in their home-country, even more as the US is seen as an economically successful and dominant country. The concepts that are referred to here are the “dominance effect” (Smith and Meiksins 1995) and “competitive isomorphic pressure” (DiMaggio and Powell 1983). Still it would be too simplistic to just list practices that are assumed to be “best practices”.

Following the literature review “best practices” (once identified by the company) are often transferred by implementing benchmarking and monitoring/control systems, thus implementing sort of a coercive comparison between HQ and different foreign subsidiaries (Morgan and Kristensen 2006). The same authors see also the transfer of resources (personnel, financial, other resources) as a mechanism to transfer management practices.

It is assumed for this dissertation that so called “best practices” are those practices being developed and implemented in the home-country environment, being the US. Further it is assumed that the transfer of those practices takes place along the lines outlined by Morgan and Kristensen (2006) described here above. Thus no additional suggestion questions will

be added here but the dissertation will seek to answer the question in place. A question that is important to ask, as understanding the mechanisms of transfer and what is seen as best practices is key to understand the research area in which this dissertation is situated. Another interesting question will be how do the host countries react to the so called “best practices”? This is then related to the third strain of research questions as formulated in the introduction of this dissertation.

The third strain of research questions formulated in this dissertation’s introduction was:

- iii. *How are HRM practices of US MNCs accepted in the host-country subsidiaries? To what extent are those practices adapted locally and why?*

The research strain in the area of transfer of HRM practices is broadly based on case studies, which makes a generalization of results difficult (Yin 2009) and thus the question of how practices of US MNCs are accepted can of course differ from country to country. In this matter Kostova and Roth (2002) speak about “adoption” of HRM practices, referring somehow to acceptance, adaptation and external influences. Again, to what extent adoption (or adaptation) of practices take place is different from case to case. What we have learnt in the literature review above is that the influence on adaptation stems from different sources namely the institutional settings of a country (see e.g. Whitley 2000, Kostova and Roth 2002) which includes also cultural differences (see e.g. Hofstede 2001, Trompenaars and Hampden-Turner 1997), and micro-political influences (see e.g. Dörrenbächer and Geppert 2009, Blazejewski 2009). Further it remains to find out which of the following influences impacts the transfer of HRM practices to what extent: country-of-origin effects, host-country effects, dominance effects, and pressure for international integration.

Assumptions

We can assume to find in the present case study the influence of both factors, institutional and micro-political impacts. In order to not intersect with the remaining questions formulated in the introduction of this work we will in relation to the present research questions (iii) seek to answer the assumptions by answering the questions:

- a) *What is the general acceptance of US HRM practices in foreign subsidiaries?*
- b) *Are US HRM practices adapted in foreign subsidiaries?*
- c) *What is the impact of the (foreign) local institutional settings on US HRM practices?*
- d) *How do the institutional settings shape US HRM practices, or in other words what is the level of adaptation due to the local institutional settings?*
- e) *What is the impact of micro-political games on the adaptation of US HRM practices in foreign subsidiaries?*
- f) *How does this impact shape the adaptation of US HRM practices in foreign subsidiaries?*
- g) *What is the impact of the role of the subsidiary on the adaptation of US HRM practices?*

These questions are important to be answered to for several reasons. First, it is the core of this dissertation to understand the transfer of HRM practices in US MNCs and the existing impacts on it in this environment, thus we are at the core of the research aim of this dissertation. Secondly, authors as for example Ferner et al. (2012) asked for researchers in this area to take into consideration both macro- and micro-level approaches for a better understanding of the subject. Thirdly, having a single case study at hand allows a deep understanding of the entity examined (Almond et al. 2005) and understanding of the micro-political games becomes clearer and is a topic of special interest.

In order to gain a better understanding of the host-country environment, its common practices and potential influences on HRM and transfer of HRM the next research question has been asked in the introduction of this dissertation.

iv. *What are typical Swiss/German/French HRM practices in German/French/Swiss companies?*

Dörrenbächer and Geppert (2009) asked for future research to look at the issue of hybridization, i.e. analysing how home- and host-country influences mix.

Germany

As we have seen in the respective sub-chapter (4.2.2 “German Host-Country Effects”) the typical German HR practices are driven by the country’s institutional specificities, which are most of all the collective bargaining, the system of organizational co-determination, and the dual VET system (Wächter et al. 2004, Singe and Croucher 2005). The role of the HR practitioner is clearly being shaped by these 3 major influences (Gooderham et al. 1999). Training investment is less company specific and there is a strong participation and engagement of companies in the dual VET (Muller 1998). The system of co-determination, works councils, and employee representatives are influencing the compensation and benefits area with also a high union presence in Germany compared to the US for example (Royle 2010, Almond et al. 2005). Strict rules have to be followed respecting the co-determination system, which can have an influence on areas as the code of conduct (Talaular 2009). Corporate culture in Germany is something that stems from society and is not an artificial self-communicated set of values proper to a company (Muller 1999, Barmeyer and Davoine 2011).

What we expect to find in the present study is a strongly influenced HR area by co-determination and dual VET, as described above. Referring to Hall and Soskice (2001) Germany is located at the opposite pole on the liberal-coordinated-market-spectrum to the US, with the States being described as LME and Germany as CME. Those assumptions, based on the literature review above, can be diverted into the following questions:

- a) *How does the system of co-determination influence the local German HR practices (in the US MNC)?*
- b) *How does the system of dual VET influence the local German HR practices (in the US MNC)?*
- c) *How does the presence of unions influence the local German HR practices (in the US MNC)?*
- d) *What other influences (host-country effects) do we detect in the present study?*

France

Generally spoken the French HR function is a role that develops a broad expertise in legislation and regulation (Gooderham et al. 2001). Recruitment and selection is influenced by the French educational system with its elite schools and the concept of hierarchy (D'Iribarne 2008, Roche 2013, Evans et al. 2002). The importance of networking, the less organized business environment and the lower focus on processes are characteristics in the French system that shape the company culture, its functioning and the HR practices (Ferner 2013, Roche 2013).

France is one country in the institutionalist literature that has been examined very little until now (Grillat and Mériqnac 2011). Therefore our assumptions of findings of French host-country effects in US MNCs are mainly based on the institutional frame surrounding the companies. There the typical characteristics are the “elite” view in the educational system, the dominant role of the state, decentralized negotiations between social partners, and the ambiguity which underlies the acceptance of hierarchy in the French culture. The assumptions lead to the following questions to be tested in the present study:

- e) *How does the educational system in France influence the HR practices (in the US MNC)?*
- f) *How and to what extent are the HR practices in France (in US MNCs) influenced by collective bargaining?*

g) What other influences (host-country effects) do we detect in the present study?

Switzerland

The following description of Swiss host-country effects, the relation to the institutional Swiss frame and the derivate assumptions are all based on the comprehensive work of Schröter (2013), Davoine and Schröter (2010), and Roche (2013), as not many sources and researches on Switzerland in the institutional literature exist. Practices are influenced by the specificity of the dual VET system (analogue to Germany), the consensus oriented culture and the federalist state organization. Therefore assumptions on what we tend to find in the present study are sort of summarized in the previous sentence. The related questions are:

- h) How does the system of dual VET influence the local Swiss HR practices (in the US MNC)?*
- i) How does the consensus-oriented culture influence local Swiss HR practices (in US MNCs)?*
- j) How does the federalist state influence local Swiss HR practices (in US MNCs)?*
- k) What other influences (host-country effects) do we detect in the present study?*

In answering the questions formulated the present study seeks to contribute to have a better understanding of host-country effects in two countries (France and Switzerland) where relatively little research results exist in this field. Further findings of German host-country effects shall contribute to further add to former results of case studies and thus help to add to the picture of the research field, knowing that the generalization of case study findings is questionable (Yin 2009, Almond et al. 2005). But the more results from different case studies exist, the clearer one can draw the empirical picture.

Coming to the last research question formulated in the introduction to this dissertation, we are moving the attention away from the host-country institutional frame more towards the direction of considering the micro-political influences as well (without completely leaving out the institutional frame).

- v. How and to what extent are the HRM practices in subsidiaries in these 3 countries of the examined US MNC influenced by the local circumstances?*

“Local circumstances” as it is formulated in the question, can refer to the institutional setting but as well on micro-political settings in a specific situation and company. Access to resources brings power to the resource-holder accordingly a relationship between HQ and the subsidiary is established where no longer a simple principal-agency relationship can be assumed (Mudambi and Pedersen 2007). Thereby the role of the subsidiary should not be neglected, when assessing influences on implementation of HR practices in foreign subsidiaries of MNCs (Schmid and Daniel 2011). Additionally the role of the actors comes into play to actively influence the outcome of conflict situations and political decisions are taken by actors with different motives and personal goals (Blazejewski 2009). The micro-political approach is to be interpreted as complementary to the institutional approach (Whitley 2000) and should help to gain a better understanding of the matter of research (Ferner et al. 2005a). The following assumptions, formulated in form of questions, are based on the findings of the desk research here above.

- a) What are the local institutional circumstances shaping HRM practices in Germany/France/Switzerland?*
- b) What are the micro-political circumstances shaping HRM practices in Germany/France/Switzerland?*
- c) How do the local actors shape HRM practices in the host countries?*
- d) What influence does the subsidiary role exert on the implementation of HRM practices in the host-country?*

- e) *What are the power-resources of the foreign subsidiaries and how do they influence the outcome of HRM practices in the subsidiaries?*
- f) *What other micro-political games do shape the implementation of HRM practices in the foreign subsidiaries?*

The importance in answering the questions above is to add to an area still relatively little explored. Combining the institutionalist view and the micro-political perspective is something authors have been asking for (Morgan and Kristensen 2006). The present single case study will allow a deep insight into the power relations within the company and thus contribute positively to the research community in the present field.

Table 5.1 “Research questions – top-line questions and sub-questions reflecting assumptions” summarizes the above outlined top-line questions and the sub-questions which help to test the assumptions formulated in this sub-chapter.

Table 5.1: Research questions – top-line and sub-line – and assumptions

Research questions – top-line questions and sub-questions reflecting assumptions	
Top-line question	Sub-questions (reflecting assumptions)
i. What are typical US HRM practices in US MNCs? Under what circumstances and how are those HRM practices influenced?	<ul style="list-style-type: none"> a) Are typical US HRM practices more standardized and formalized than HRM practices in Germany, France, and Switzerland? b) Are US HRM practices more performance and goal related, and more short term-oriented than HRM practices in Germany, France, and Switzerland? c) Are US HRM practices heavily influenced by the surrounding institutional frame? d) Is the corporate culture more formalized and important in an US environment than in European subsidiaries? e) In how far does the institutional frame influence the HRM practices in US MNCs? f) What is the influence of the micro-political games and the subsidiary roles on the HRM practices in US MNCs?
ii. What is described as “best HRM practices” in US MNCs and how are they transferred?	-
iii. How are HRM practices of US MNCs accepted in the host-country subsidiaries? To what extent are those practices adapted locally and why?	<ul style="list-style-type: none"> a) What is the general acceptance of US HRM practices in foreign subsidiaries? b) Are US HRM practices adapted in foreign subsidiaries? c) What is the impact of the (foreign) local institutional settings on US HRM practices?

Research questions – top-line questions and sub-questions reflecting assumptions	
	<ul style="list-style-type: none"> d) How do the institutional settings shape US HRM practices, or in other words what is the level of adaptation due to the local institutional settings? e) What is the impact of micro-political games on the adaptation of US HRM practices in foreign subsidiaries? f) How does this impact shape the adaptation of US HRM practices in foreign subsidiaries? g) What is the impact of the role of the subsidiary on the adaptation of US HRM practices?
iv. What are typical Swiss/German/French HRM practices in German/French/Swiss companies?	<ul style="list-style-type: none"> a) How does the system of co-determination influence the local German HR practices (in the US MNC)? b) How does the system of dual VET influence the local German HR practices (in the US MNC)? c) How does the presence of unions influence the local German HR practices (in the US MNC)? d) What other influences (host-country effects) do we detect in the present study? e) How does the educational system in France influence the HR practices (in the US MNC)? f) How and to what extent are the HR practices in France (in US MNCs) influenced by collective bargaining? g) What other influences (host-country effects) do we detect in the present study? h) How does the system of dual VET influence the local Swiss HR practices (in the US MNC)? i) How does the consensus-oriented culture influence local Swiss HR practices (in US MNCs)? j) How does the federalist state influence local Swiss HR practices (in US MNCs)? k) What other influences (host-country effects) do we detect in the present study?
v. How and to what extent are the HRM practices in subsidiaries in these 3 countries of the examined US MNC influenced by the local circumstances?	<ul style="list-style-type: none"> a) What are the local institutional circumstances shaping HRM practices in Germany/France/Switzerland? b) What are the micro-political circumstances shaping HRM practices in Germany/France/Switzerland? c) How do the local actors shape HRM practices in the host countries? d) What influence does the subsidiary role exert on the implementation of HRM practices in the host-country? e) What are the power-resources of the foreign subsidiaries and how do they influence the outcome of HRM practices in the subsidiaries?

Research questions – top-line questions and sub-questions reflecting assumptions

- | | |
|--|---|
| | f) What other micro-political games do shape the implementation of HRM practices in the foreign subsidiaries? |
|--|---|

As a first step in introducing the research framework of the present study we have presented how theoretical contributions in literature and empirical findings from former studies have provided important insights for our investigation. The insights have led to formulate assumptions which have been rephrased as questions guiding the empirical work. In a next move we will compound step by step the illustration of our research framework again harking back to literature review parts presented above. We will start the construction with the macro-level elements and then add the micro-political elements before bringing in the aspect of transnational transfer to complement the framework.

As presented in sub-chapter 2.1.1 (“Research Streams: Culture, Institutions and Micro-Politics”) the institutional perspective as reflected in the framework by Wächter et al. 2003 describes the embeddedness of the organization in its institutional environment. It combines a comparative institutional approach (Whitley 2000) and a neo-institutional approach (Kostova 1999). The basic idea is that institutional factors take the role of a filter in constructing HRM practices and as we will refer to later on, also in transfer processes to other national contexts. The framework considers culture as a part of the organization’s environment. The exerted influence of the institutional surrounding on the organization is documented in literature on several occasions. As a representative example we state here the dual VET system in Germany (Schröter 2013, Hanhart and Bossio 1998). For further examples we refer to the respective sub-chapters in the literature review here above.

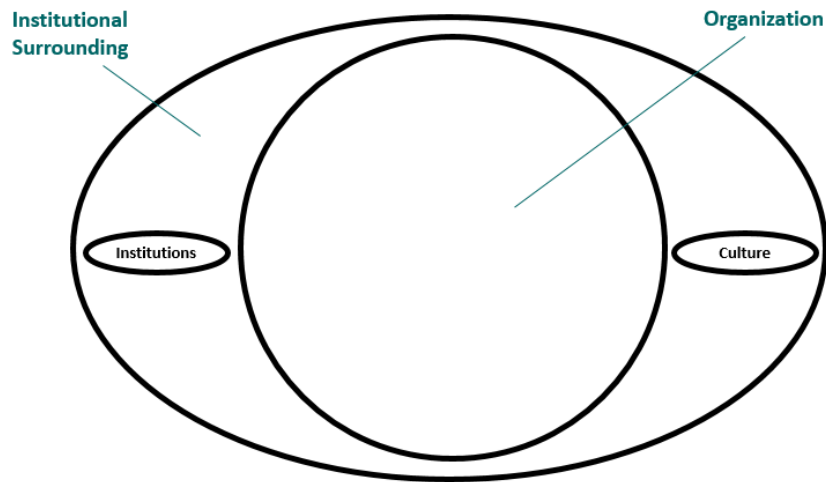


Figure 5.1: Framework element 1
(based on Wächter et al. 2003)

According to Wächter et al. (2003) the organization's inner-life has multiple elements that play a role in the company-institution interplay. Namely the organisation human resource management, the company's strategy, and the company's structure. Contingency factors such as size, market, etc. can also have an influencing role. Not only the national context and/or surrounding circumstances of a company would shape management practices applied in an organisation.

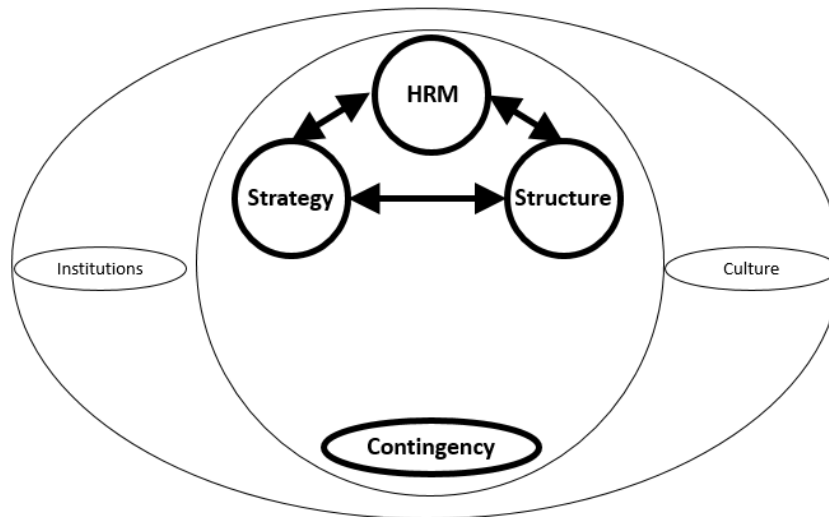


Figure 5.2: Framework element 2
(based on Wächter et al. 2003)

So far we have only rebuilt parts of an existing framework that has found multiple application in different studies (Schröter and Davoine 2009, Wächter et al. 2004, etc.). But as we seek to combine multiple approaches (i.e. institutional approach and micro-political approach) – as asked for by many authors (see e.g. Jackson 2010) – in one single framework we now add to the concept the micro-political components presented by Ferner and colleagues (Ferner et al. 2012). The three power dimensions (meaning, resources, and processes) as proposed in their work stand in this framework representing closely related concepts such as for example sense-making political discourses (close to meaning) as presented by Geppert (2003) and other actor-related aspects as presented in sub-chapter 2.1.3 “Adding the Micro-Political Perspective”. Actually the power dimensions are linked with the three categories of micro-political effects as described in chapter 5 “Power and Politics in the MNC Literature”: subsidiary roles and global integration; behaviour; symbolic effects. Further the role of the regional headquarter shall be considered with different models being there for distinction. The RHQ, as presented in sub-chapter 3.4 (“Roles of Regional Headquarters”) takes also the role of a political actor in this interplay between institutions and micro-politics. By expanding the framework by this actor-related part we also respond to experts’ request for “[m]ore empirical research and theorizing [...] needed with regard to actor rationales, communication and influence strategies and questions of MNC configuration.” (Dörrenbächer and Geppert 2006 p. 257)

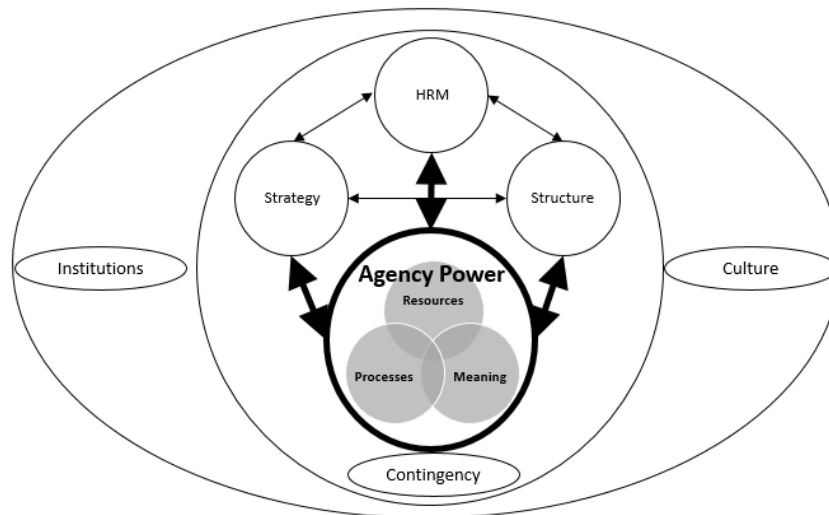


Figure 5.3: Framework element 3

(based on Wächter et al. 2003 and Ferner et al. 2012)

In the last step we now add the concept of transfer to the framework. Until now we have just a system in place that allows to analyse the local HRM practices per country and how political influences by actors can shape those. But with the main idea about analysing how the HRM practices are transferred within the MNC and consequently how they will be shaped throughout the process the cross-national setting including all involved countries shall be added now. The figure shows the HQ in the US having ties to all of the three European countries (Germany, France, and Switzerland). In each country the above presented national context with the organization being embedded in the institutional and cultural surrounding is present. Wächter et al. (2003) argue that the transfer from one national context to another will not be performed wholesale but under the influence of the different contexts in which the multinational operates (Hu 1992, Heidenreich 2012). Thus on the insights and assumptions deduced from the literature review part and on the theoretical concepts described the conceptual framework below was created and serves as the guiding pattern for the field work and empirical part.

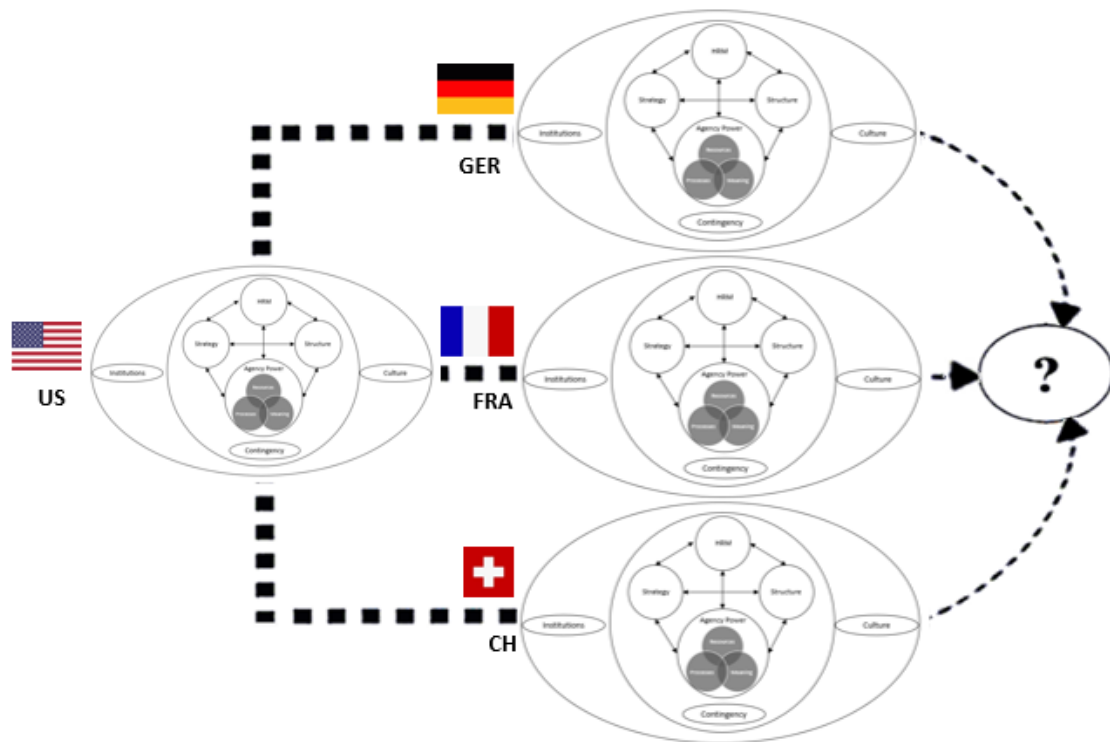


Figure 5.4: Conceptual framework

(based on Wächter et al. 2003 and Ferner et al. 2012)

Having presented the integrative research framework in the present sub-chapter the next part of this dissertation is dedicated to the empirical investigation. It will treat the topic of the research paradigm and approach, the selection of the research site and how field access could be guaranteed. Further we will discuss the data collection process, a step in the investigation that is important to meet the quality criteria of a case study research.

PART C: EMPIRICAL INVESTIGATION

6. Methodology and Research Design

The present chapter is divided in different sections related to the underlying research principles. First it will discuss the research paradigm valid for the investigation. It follows a description of the research methodology before outlining the selection of the research site and the HRM areas investigated.

6.1 Research Paradigm, Ontology, and Epistemology

This part will kick off by defining the different terms in the chapter's title, starting with the concept of research paradigm. Sobh and Perry (2006, p. 1194) describe a paradigm as an "overall conceptual framework within which a researcher may work". Adding related concepts to the term of paradigm Guba and Lincoln (1998, p. 195) describe it as "the basic belief system or worldview that guides the investigator, not only in choices of method, but in ontologically and epistemologically fundamental ways". As we can read from the latter definition, the concepts of ontology and epistemology come into play alongside with the methodology that will be discussed further below in the following sub-chapters. Before turning to the different paradigms described in the literature we will first further display the mentioned concepts contained in Guba and Lincoln's (1998) paradigm definition starting with "epistemology".

We learn from the literature (Krauss 2005) that the term "epistemology" has its roots in Greek language where the meaning is knowledge or philosophy of knowledge. The question of "*how we come to know*" is raised (Krauss 2005, p. 758). The epistemological belief is shaped by the ontological viewpoint and bridges the ontological reality perception to the methodology (Bisman 2010, Healy and Perry 2000). While epistemology deals with how we come to know, the methodology "identifies practices used to attain [that] knowledge" (Krauss 2005, p. 759). To close the circle we insert here Bisman's (2010, p. 5) definition of ontology: "*Ontological assumptions affect the way a researcher views the world and what they consider to be 'real'. Deriving from ontology is epistemology, which concerns the theory of knowledge, its nature and limits*". In other words the researcher's theoretical view of things (ontology) has an impact on how to get to know a certain reality and the choice of methods used in the respective research.

Having discussed the elements of the basic belief system we now turn to the display of the difference between the four research paradigms mostly present in the literature: positivism, realism, critical theory and constructivism. Even though other paradigms might be present depending on the literature research, e.g. Heron and Reason's (1997) participatory paradigm, we stick for this dissertation with the four most prevalent paradigms as listed above.

As Brennen (2012) explains, each of the paradigms is providing a specific set of values and principles that leads and guides researchers' strategies and activities. We will start with the description of the "Positivist" paradigm.

Positivism

Different authors describe the positivist paradigm as still the predominant paradigm in science (Brennen 2012, Healy and Perry 2000). This paradigm assumes that there is a single apprehensible reality that can be quantitatively measured (Healy and Perry 2000). Positivists

remain detached from the studied object and the object's world (which is not the case for the three other paradigms described below) and deal with value-free data and data analysis (Krauss 2005), in other words, there is no mutual influence. Bisman (2010) explains that the paradigm assumes that reality is driven by immutable natural laws and that truth can be eventually found and reality be explained by measuring those laws. Guba and Lincoln (1998) describe that the related methodology to this paradigm is experimental and manipulative, where hypotheses are verified and quantitative methods are predominant. No importance is attributed to context and the paradigm sort of ignores the opportunity to reflect on a problem (Healy and Perry 2000). Healy and Perry (2000) also describe the positivism as a theory testing paradigm compared to theory building paradigms as will be described below.

Critical Theory

Critical realists (as do constructivists) reject the logical positivism and its clear cut view of objectivity and truth as described above. Multiple realities are accepted and the absolute truth by positivists is exchanged for probabilistic truth (Bisman 2010). There is no separation between the investigator and the object and data is always value-dependent (as opposed to value-free). Long-term inquiries are methodologically necessary (Healy and Perry 2000). The paradigm suggests that historical mechanisms shape reality and there is no favour for mathematical or statistical methods, i.e. less quantitative methods are employed but dialogic and dialectical methods are preferred (Bisman 2010, Guba and Lincoln 1998). The world is seen as constructed by people and context plays an important role. The researcher is a transformative intellectual who changes the social environment in which he is active in. Healy and Perry (2000) classify the critical theory as theory building paradigm.

Constructivism

Bisman (2010, p. 6) describes the difference between critical theory and constructivism as "*shades of meaning*". The same author also describes the existence of multiple realities as in this paradigm reality is subjective and socially constructed. Truth depend on the belief system and context and an interaction between the investigator and the object is necessary to fully exploit the investigation potential. As is critical theory constructivism is also classified a theory building paradigm (Healy and Perry 2000). Where critical theorists' epistemology is described as value mediated findings, constructivists' epistemology is described as created findings. Where critical realists find truth in historical realism, constructivists assume that truth is relative, and realities are locally and specifically constructed. Methodological-wise dialectic and hermeneutic are central. The mutual influence of investigator and object and the so created findings let disappear the clear distinction between ontology and epistemology (Guba and Lincoln 1998).

Realism / Postpositivism

Brennen (2012) explains that realism is an answer to critics in some key areas in positivism. "While reality is thought to exist, post-positivists consider that because people are flawed, they may not be able actually to understand it. [...] While positivists seek to verify their hypotheses post-positivists use a variety of experimental methods, including some qualitative methods, in an effort to falsify their hypotheses." (Brennen 2012, p. 9)

In other words as Healy and Perry (2000) put it, reality exists but is only imperfectly apprehensible. Somehow reality is a concept seen between the positivist objective reality and the constructivists' subjective reality. Perceptions provide a window to understand reality beyond perception. Healy and Perry (2000) also see realism as both a theory testing and theory building paradigm. The investigator is not seen as value-free or value-burdened but rather as value-aware. Realism adopts a critical realist ontological view and a modified dualist/objectivist epistemological understanding (Guba and Lincoln 1998). According to Bisman (2010) the realist researcher is looking to identify and verify underlying generative mechanisms. Sobh and Perry (2006) attest an importance of context of the observed phenomena to this paradigm. "Consequently, the desire of realism research is to develop a

‘family of answers’ that covers several contingent contexts and different reflective participants.” (Sobh and Perry 2006, p. 1200).

Before outlying the illustrated and argued choice for the paradigm underlying the present study the reader is invited to have a look at table 6.1 “Overview of inquiry paradigms” which will summarize the ontology, epistemology, methodology and qualitative versus quantitative research spectrum of each of the above discussed paradigms.

Table 6.1: Overview of inquiry paradigms

(Source: Lincoln and Guba 2003; Brennen 2012; Krauss 2005; Healy and Perry 2000; Bisman 2010; Sobh and Perry 2006)

	Positivism	Critical Theory	Constructivism	Realism/Postpositivism
Ontology	Naïve realism: single real reality that is apprehensible	Historical realism: virtual/constructed reality shaped by social, political, cultural, economic, ethnic, and gender values; crystallized over time	Relativism: multiple local and specific “constructed” realities	Critical realism: multiple perceptions about a “real” reality that is only imperfectly and probabilistically apprehensible – triangulation of sources
Epistemology	Objective researcher, “one-way mirror”, dualist/objectivist, findings are (absolute) true	Transactional/ Subjectivist, researcher as passionate participant; value-mediated/created findings	Transactional/subjectivist; created findings	Modified dualist/objectivist; critical tradition/community; findings are probably true – value-awareness of researcher, triangulation of perceptions
Methodology	Experimental/manipulative, verification of hypotheses, chiefly quantitative methods	Dialogic/Dialectical;	Hermeneutical/dialectical: researcher is a “passionate participant” within the investigated world	Modified experimental/manipulative; critical multiplism; falsification of hypothesis; may include both quantitative and qualitative methods
Qualitative versus Quantitative research spectrum	Quantitative dominance, explanatory, positivist/mechanistic, nomothetic-experiment, quasi-experiment, survey	Qualitative dominance: exploratory, interpretive, idiographic – case study, ethnography, historical, participant observation, in-depth unstructured interviews	Qualitative: exploratory, interpretive, idiographic – ethnography, historical	Qualitative and quantitative: postpositivism, critical realism – survey, depth interview, case study

The choice of paradigm for the present investigation fell for Realism / Postpositivism as will be explained in the coming sections. First, Positivism has some limitations (Guba and Lincoln 1998) as portrayed above when it comes to context assertion (Healy and Perry 2000). But, as we have learnt throughout the theoretical part of this dissertation, context plays an important role when investigating transfer of HRM practices in a multinational environment. Stripping off context would damage the basic attempt to understand the moderating influences on the transfer of practices in our research project. Second, Positivism excludes meaning, a fact that is not to integrate with a research project where meaning is a central concept included in both the macro-view enfolding cultural and national surroundings of a multinational’s subsidiary, and in the micro-view of actors’ power to exert influences on the transfer of practices (Guba and Lincoln 1998). Third, described as a purely theory testing paradigm (Healy and Perry 2000) Positivism is focusing on verification of a priori formulated hypothesis (Sobh and Perry 2006). The present study however is aiming not only to test existing theories but has also the goal to contribute to develop models and theories related to the subject. Therefore the experimental approach with purely quantitative methods is not suitable with the study’s underlying goal. Further the non-reproducible situations in which specific MNC-cases play exclude the positivist approach fundamentally.

The stances of the realist paradigm are more suitable though for a study that seeks to assemble knowledge and different shades of truth and reality to be able to present cause-effect linkages within the subject's field of interest. With the present study formulated non-falsified assumptions shall be verified in order to create more knowledge.

The delimitation towards Critical Theory is given by the fact that critical theorists seek for structural-historical insights found by value-mediated means (Bisman 2010). Whereas we can also boarder the present study against Constructivism where multiple realities are accepted which in turn makes it difficult to formulate theoretical propositions which however is one central goal the study underlying this presentation is hoping to reach.

The present study is in line with former studies (e.g. Schröter 2013) in the field of human resource management, the field it aims to contribute to.

As different authors (e.g. Healy and Perry 2000) confirm, the realist paradigm brings some quality criteria with it against which it can be assessed. Those criteria are for example internal validity, construct validity, external validity, reliability and objectivity. These will be discussed in the coming sections below.

6.2 Selection of Research Approach

This sub-chapter will outline what the research approach and methodology for the present study are. As a forestalling the arguments constructively following here below the chosen research method is the one of a single case study finding itself categorized as a qualitative research approach.

6.2.1 The Case Study Approach

For categorizing the different options available when choosing a research approach and research method Yin (2009, p. 8) is providing an overview. Derived from Yin's (2009) proposed differentiation elements (form of research questions, investigator's control, and focus on contemporary events) the present project qualifies well for a case study research given the research goal and the related research questions in place (see chapter 3 "Summary and assumptions"). First, the study aims to investigate the contemporary phenomenon of transfer of HRM practices in US multinationals. Thus it does not bear a historical interest. Second, the study shall picture the contemporary events without the investigator having a manipulative role taken on behaviors. Third, given the research questions in place we have 3 main question-words guiding the research: "how", "why", and "what". Given the contemporary focus and the lack of behavioral control the nature of questions leads automatically to a case study research. "How" questions aim to understand processes and situation whereas "why" questions complementary add meaning or explanations to the findings. When it comes to "what" questions one could generally assume that different research method options would stand out for picking but not necessarily a case study. Yet Yin (2009) proposes to exhibit two sorts of "what" questions. When a sense of prevalence is attributed to the question surveys or archival record analysis might come into play as preferred methods. On the other hand "what" questions may be rather exploratory. In this case all methods including case studies have their claims to be picked as the right approach. Recapitulatory we can say that with the set of questions named for the research the case study method offers the right approach to the research project. This is supported by additional arguments outlined hereafter.

The post positivist research paradigm as described in the previous sub-chapter (see 6.1 "Research Paradigm, Ontology, and Epistemology") allows for both qualitative and quantitative approaches (Healy and Perry 2000) related to how knowledge is gained and the paradigms concept of reality case studies provide a sensible approach to the research

project with source triangulation, in-depth interviews and observations being part of it (Bisman 2010, Sobh and Perry 2006). But as Cavaye (1996) puts it, the methodology chosen shall depend on what one is trying to do rather than be a commitment to specific paradigm. For Hartley (2004) a case study represents more a research strategy than a method. A strategy that includes a detailed investigation over time with a phenomena embedded in context. Context is a factor mentioned by many authors dealing with qualitative research in IB (see e.g. Piekkari and Welch 2011, Marschan-Piekkari and Welch 2004). Yin (2009, p. 18) states that a researcher is confronted with a “technically distinctive situation in which there will be many more variables of interest than data points” and where multiple sources of evidence is needed (further discussed here below).

As a further argument for the choice in favor of the case study research method can be added that a whole bunch of research done in this very field human resource management was based on cases studies (Wächter and Peters 2004, Almond et al. 2005, Ferner et al. 2004, and many more).

Case studies can be categorized in two groups: multiple case studies and single case studies. As indicated at the very beginning of this sub-chapter the present investigation is done within a single case study. We will be entering the argument lines for this choice along the advocated choice for the case study approach in general.

With a case study research in place different advantages are covered. Walshe et al. (2004) speak for case studies to be used when complex situations are addressed in which context is a central matter and multiple perspectives need to be considered. Wächter et al. (2003, p. 7) argue that “[c]ase studies are advantageous over surveys in that they enable a detailed analysis of motives for behaviour [...] and by conducting interviews with several respondents, it is possible to gain diverse perspectives and cross-check answers.” With the empirical field being a complex ground with numerous influences and where context matters we have an argument at hand for a case study approach to be used (Ghauri 2004).

Opting for a single case study versus a multiple case studies brings some advantages and disadvantages. Those will be illuminated hereafter. Eisenhardt and Graebner (2007), while spoken for case studies in general, see the upside in the approach in being able to illustrate the complexity of a social phenomenon by considering a high number of factors and thus enabling the researcher to formulate inductive hypothesis or to illustrate and validate a theoretical model. Siggelkow (2007) argues in the same direction by highlighting that case studies allow to show links between variables and models applied. De Vaus’ (2001) completes the set of arguments in favour of case studies by naming them “ideal” when a big number of variables meet a small number of research entities with mattering context. To size the suggestion of small number of research entities and coming back to Eisenhardt and Graebner (2007) and other authors multiple case studies have the advantage of working on more than on single case and thus being viewed as more robust, generalizable, and testable than single case studies. Adding more cases allows for comparison and clarifies whether the findings are valid to different contexts or to just the single one picked. Consequently theory building is usually stronger and resulting theory is not as complicated as with single case studies.

On the other hand single case studies have their strengths and rights that make them the ideal research method at times. Although single case studies are difficult to replicate and allow for less generalization they might on the other hand (Almond et al. 2005) “uncover patterns and practices that were previously undocumented but subsequently turn out to be widespread” (Almond et al. 2005, p. 283). As the same authors state it might also allow to extend the depth of analysis and provide a greater amount of concrete examples. As for the single case study of Almond and his colleagues a single case should unfold a so called “critical case” which in this field of human resource management research could be a case where we find a “management style that is common in the country of origin and which is transferred to its operations in quite different national IR systems” (Almond et al. 2005, p. 283). As we will find out in subsequent chapters the present case represents exactly the one

of a so called “welfare capitalism” US company (Jacoby 1997) against which existing theory and models can be tested.

Yin (2009) presents also a number of preconditions and circumstances which can filter out the single case study as the right approach to be chosen. Besides the spotting the “critical case” pointed out by Almond et al. (2005) he describes the following elements as being in favour of this method: extreme/unique case, representative or typical case, revelatory case, and longitudinal case. For the research project in place the arguments for the representative case, the critical case as well as a big part for the revelatory case are valid. The organization serving as the empirical field can be viewed as an organization that can be found in many occasions. A US company acquiring existing European companies in different countries to enter the European market in a strong position for example. A more thorough description will follow in the subsequent chapters. It can be viewed as a critical case as it allows for theory and framework testing as outlined above. The partly qualification for a revelatory case stems from the fact that the author is working for the organization building the empirical field in this case study and therefore has access to a broad quantity of information that allows more depth for the investigation.

6.2.2 Seals of Quality for Case Studies

Each research method has its weaknesses and so has the (single) case study approach as touched upon above. Qualitative approaches in general have been fighting a battle for recognition in a quantitatively dominated field (Marschan-Piekkari and Welch 2004). However there exist some seals of quality (Gibbert et al. 2008) to back the advantages such as the deeper cross-cultural understanding (Marschan-Piekkari and Reis 2004), consideration of context (Pettigrew 1973), and going beyond the easily observable (Marschan-Piekkari and Welch 2004).

Gibbert et al. (2008, p. 1465) defined in their study “what passes a rigorous case study” and assessed the following quality criteria: internal validity, construct validity, external validity, and reliability. A lack of rigor in case studies is problematic (Gibbert et al. 2008) as case studies are often used in theory building phases as outlined above. Consequently losing out on rigor at this early stages would negatively affect the later testing stages. Further the same authors state that case studies fit to create managerial relevant knowledge but without rigor no relevance can be claimed. The above mentioned four quality criteria shall be discussed hereafter by commencing with internal validity. Once the general concepts will have been discussed the subsequent parts will show how the present case study fulfils all criteria to account for a state-of-the-art scientific work.

Internal validity

Authors (Yin 2009, Diekmann 2000) refer to internal validity also as “logical validity”. It deals with the ability to provide plausible arguments relating variables and results (Gibbert et al. 2008). Yin (2009, p. 42) expresses it as follows: “If the investigator incorrectly concludes that there is a causal relationship between x and y without knowing that some third factor – z – may actually have caused y, the research design has failed to deal with some threat to internal validity.” While this is a vital element to explanatory or causal studies, it is not relevant for descriptive or exploratory studies where this causal situations are not concerning (Yin 2009). The same author points to a second threat to internal validity which is linked to making inferences which are made when an event cannot be directly observed. “An investigator will ‘infer’ that a particular event resulted from some earlier occurrence, based on interview and documentary evidence collected as part of the case study.” (Yin 2009, p. 43). To avoid the traps along the internal validity path some measures of precaution (or as we called it seals of quality) can be implemented to enhance rigor.

First, formulating a clear research framework disclosing that interrelatedness between the variables studied (Gibbert et al. 2008). For the present study this framework will be presented in detail the chapters to follow. To show that the project meet the quality criteria a short teaser

is inserted here. The frameworks this study has been working with come from multiple theoretical lines and applied methods (also important for theory triangulation discussed hereafter). The framework originated in the institutional approach (Whitley 2000) used by Wächter et al. (2003) has been considered for the project. It has been enlarged by the insights and assumptions stemming from the micro-political / actor-centred approach (Geppert and Dörrenbächer 2011).

Second, there is a technique referred to as pattern matching which can be described as comparing empirically based/observed patterns to predicted/established ones from previous studies and literature (Eisenhardt 1989, Trochim 1989). This technique has been applied with an analysis matrix established to show findings and assumptions from previous studies to be compared to own empirical findings.

Third, theory triangulation allows the researcher to adapt multiple and different theoretical views on findings and thus verify validity (Yin 2009, Gibbert et al. 2008). When it comes to theory Sinkovics et al. (2008) state that building the study on established theory will also increase the validity, as those theories are tested ones. The present research project is fully in line with those recommendations and quality requests as it analyses the transfer of HRM practices in MNCs and its outcomes from different theoretical angles. The different theoretical approaches are a comparative institutional approach (Whitley 2000) which has been applied by other researchers (e.g. Wächter et al. 2004) in the past and which is considered an established and distinctive view on international HRM (Tempel et al. 2005). Further the culturalist approach as applied by researchers as Hofstede (1980) or Trompenaars and Hampden-Turner (1997) is also incorporated as part of the institutionalist approach. Although there have been critics about the purely culturalist approach (see respective sub-chapter above 2.1.1 “Research Streams: Culture, Institutions and Micro-Politics”) it still accounts for a distinctive view on international HRM. Further the relatively new research route about the influence of the micro-political actor (Dörrenbächer and Geppert 2011) is being considered with all three aspects of actors’ power over resources, meaning and processes. In addition to these arguments Creswell (2012) calls to build on proven research design and to extend it. The present study is also perfectly in line with this standard claims. Many studies (e.g. Wächter and Peters 2004, Almond et al. 2005, Barmeyer and Davoine 2011, and many more) have applied case study research in this very field of HRM. Renowned researchers in this field such as Ferner et al. (2012) apportion an important role to in-depth case studies as they allow for deeper exploration of the subject investigated where purely applied surveys would not penetrate the topic to its inner core (Marschan-Piekkari and Welch 2004).

Expanding a little further on this we have to add at this point that for the present research project we could not only build on proven research designs but also profit from good collaboration and close relationship from the Chair of Human Resource Management and Organization in the Department of Management at the University of Fribourg (under direction of Prof. Dr. Eric Davoine) with the researchers as Prof. Dr. Hartmut Wächter. We therefore could rely on provided interview templates used in former studies (e.g. Wächter et al. 2003).

Construct Validity

“The ‘construct validity’ of a procedure refers to the quality of the conceptualization or operationalization of the relevant concept.” (Gibbert et al. 2008) Yin (2009, p. 40) describes it as “identifying correct operational measures for the concepts being studied.” In other words the concerns are whether the study investigates what it claims to investigate and do the measures taken to observe lead to a substantial claim for reality (Gibbert et al. 2008, Denzin and Lincoln 2011, Schnell et al. 1995). To meet the quality criteria in this field measures during the data collection phase can be taken in order to enhance construct validity.

First, the use of multiple source of evidence is indispensable. In fact Yin (2009) explains that one of the major advantages of case study research compared to other methods lies in the opportunity to access many different sources of evidence. In this aspect data triangulation is a central pillar. Patton (2014) differentiates 4 types of triangulation (data triangulation,

investigator triangulation, theory triangulation – as discussed under “Internal validity” above – and methodological triangulation). Different sources and forms of data shall shed a light on the event to be investigated to best illuminate reality and thus not leave the impression of having subjective judgements in place leading to a weak construction of reality and thus threaten construct validity (Patton 2014, Yin 2009, Diekmann 2000). The present research project does also fulfil these requirements with a broad set of data collection sources and sources of evidence respected such as in-depth interviews, participatory observation, observation, document analysis, etc.

The second measure for researchers to cope with the standards of construct validity is to “establish a clear chain of evidence” (Gibbert et al. 2008). Yin (2009) compares the chain of evidence to be maintained in a case study research to the chain of evidence in forensic investigation. It shall allow the external observer (reader of the study) to clearly and logically follow the lines leading from initial questions to eventual conclusions. Maintaining a clear chain of evidence does support construct validity. Yin (2009) also gives concrete examples of what proves a good chain of evidence. The case study report should make enough linkages to and citations of documents of evidence. Further the data collection protocol should reveal upon inspection reveal the effective sources. Third the data protocol should allow to easily link to the report also for an external observer. After examining the concept of construct validity we are now turning to the third seal of quality called “external validity”. We here refer to the case study protocol and data base as well as to the section of analysis and presented results to prove that all requirements have been fulfilled.

External validity

Along with the concept of external validity comes the term of “generalizability”. The latter is one of the major critique points as case studies in general and single case studies especially do not allow for generalization (Almond et al. 2005, Atteslander 2000). But generalizability in this sense of the word does imply statistical generalization. External validity is more being linked to the criteria of theory also stands its ground in other case studies looking to replicate the same results/methods/etc. (Gibbert et al. 2008). In other words statistical generalization is separated from analytical generalization with the latter being in play for external validity in this context (Yin 2009). Eisenhardt (1989) calls for cross case analysis with 10 cases to be a nice base for generalization. With the present study focussing on a single case this is clearly one of the inconveniences we have to bear in mind. On the other hand with the goal of the present study given, the lack of generalizability is one that can be admitted to without doing any harm to the quality of the study itself. The single case present allows to dig deep into an organizations structure and life in order to come up with special insights for verifying assumptions previous studies have made. The upside on this aspect has to be the downside of the critiques and limits of single case studies in general.

Reliability

“‘Reliability’ refers to the absence of random error, enabling subsequent researchers to arrive at the same insights if they conduct the study along the same steps again” (Gibbert et al. 2008, p. 1468). A researcher should therefore carefully document the operational steps taken and create transparency and clarity of the work conducted as if he/her was being audited (Yin 2009, Denzin and Lincoln 2011, Schnell et al. 1995). Again there are some techniques allowing to enhance the quality in this area. First, producing a case study protocol helps to improve such transparency. Second, establishing a case study database helps to show sources of evidence. As for the proof of quality in construct validity we refer here to the case study data base and protocol as evidence for the state-of-the-art matching.

Gibbert et al. (2008) argue that researchers who take measures to deal with reliability are also more likely to take according measures to address validity issues thus showing the interrelatedness between the above discussed seals of quality. The same authors state that “[...] there is a hierarchical relationship of validity types, with construct and internal validity acting as a condition sine qua non for external validity.” (Gibbert et al. 2008, p. 1468).

Summarizing the seals of quality claimed for the present study we can say that we assume to reach a high internal validity as a clear research framework derived from literature is in place and that pattern matching as a validity technique has been applied as well as theory triangulation. Construct validity requirements shall be met by the applied data triangulation (documents, reports, interviews, participatory observations, direct observation, etc.), the reviewed transcripts by the informants, a description of data collection circumstances, and explanations of data analysis in the chapters to follow. External validity, being one of the points of critique for single case studies, is approached by a well targeted case study selection and description of the case study context (also outlined hereafter). The case study protocol and database will guarantee for a high reliability of the project. The next part will present the above teased research framework.

6.3 Selection of the Research Site, Field Access, and Data Collection Process

6.3.1 Putting the Present Study into Context

Before setting in the rationales for selecting the present case and showing how access to the field was gained and what aspects were considered in the data collection process the present study is put into context. It is part of a larger research project being realized at the chair of “Human Resource Management and Organization” at the University of Fribourg, Switzerland under tutorial and guidance of Prof. Dr. Eric Davoine. Different Ph.D. projects, Master thesis and Bachelor thesis have had the topic of cross-border transfer of HRM practices in a wider sense. Nakhle (2011) investigated the HRM practices being transferred from US and European multinationals to their subsidiaries in Lebanon in a doctoral dissertation. Schröter (2013) in his Ph.D. thesis presented a comprehensive work on transfer of HRM practices from US and German multinationals to Switzerland. Olga Novitskaya is investigating contexts in Russia and Ukraine for the transfer of HRM practices for multinational enterprises. Master thesis from Stern (2010), Python (2011) and Roche (2013) broached the issue of transfer of HRM practices in a multinational context including France as one of their national fields. Diogo (2011) analysed the role of the European HQ in a cross-border transfer of HRM practices from the US to Switzerland while Ganz (2012) researched on the HRM practices in Swiss MNCs. Besides those integrated papers a series of articles on the topic has been published as part of the larger research project and in collaboration with several researchers (Barmeyer and Davoine 2011, Davoine and Nakhle 2011, Schröter and Davoine 2013, and more). The present study is disposed in the above mentioned wider project by investigating the cross-border transfer of HRM practices in US multinationals to three different host-countries. As such it is far from being a repetitive case. The international setting for the investigation differs from the other studies being realised with three host-country contexts to be analysed in a US MNC setting and a single case study being applied including the concepts of the micro-political games and power-relations within the field of interest. In a next step it shall be outlined how the access to the field and the choice of the research site have befallen.

6.3.2 Provision of a Rationale for the Single Case Study Selection and Negotiating Access to the Field

Gibbert et al. (2008) (partly based on Cook and Campbell 1979) seek for transparency of explanation why a certain case study was appropriate given a set of specific research questions in place as this boost external validity, i.e. applied theory would be proven robust

in other contexts than the one of the presented case. As we have touched upon above the linked concept of generalizability in a statistical sense of the word is not matched in case study research. However analytical generalizability can be met by providing a proper provision and declaration of the case study selection's rationale (Sobh and Perry 2006).

The selection of a case is mostly directed by the conceptual framework drawn from the literature review (Dawes Farquhar 2012). With the investigation model presented above considered an extension of applied methods and frameworks by a specific political power element in a specific international context a need for a deeper insight into an organization in order to fully capture and understand the situation was an imposed preconditioned request. Where multiple cases would allow for comparison (Eisenhardt 1989) the detailed examination of a single case would allow for a better understanding of details in one context (Yin 2009). To assure the quality standards are fully met the following rationales are displayed.

The critical case: According to Yin (2009) a critical case is suitable to test well-formulated theory. For our project a clear set of assumptions derived from extensive literature review have been defined to be investigated. The choice of the case is such that it provides detailed insights in order to examine the assumptions on both macro-level and micro-level in an empirical context and will be able to challenge, confirm or contradict them and thus contribute to theory building.

The representative case: Again drawn from literature review the case chosen qualifies for being a representative case. The organization can be described as being a typical US multinational by external presuppositions. We find loads of characteristics as outlined in the literature review united in the present case of an US multinational. First, the company has known a home market growth before expanding to international fields (Chandler 1990). Second, the company has a tendency for standardized procedures (Tempel et al. 2005). Third, there is presence of uniformity, a typical feature of a managerial enterprise (Pulignano 2006). Fourth, the company can be described as a very market oriented organization by nature (Ferner 2000). Fifth, the fact that the company is listed at the stock market brings the fact of the rather short-term orientation in financial results to the limelight (O'Sullivan 2000). Sixth, the company qualifies also for what Jacoby (1997) described as welfare capitalism organisation with attributes such as non-unionism, high employee involvement, strong communication, and high importance of corporate culture present. The expansion to Europe can be seen as classic by acquisition with thorough business development and attached due diligence processes. With European subsidiaries to be grown to market leading, local enterprises before being acquired by the multinational organization all preconditions for local ties to institutional features and cultural traits are given. All in all the present case fulfils the conditions to be as good a representative case as possible. Further details and a company descriptions will follow in subsequent chapters. With the outlined organisational characteristics in place it can be assumed the present case will allow for an ideal analysis of institutional and actor-related influences to investigate the cross-border transfer of HRM practices.

Revelatory case: As we will touch upon in the parts to follow when describing the access to the field the chance was given through close contacts to the company to have very good access to multiple sources of data within the company. To state that such access was previously not available for anyone in former cases would be massively exaggerated. However interview participants could more or less be chosen by the investigator and thus the preconditions were ideal not only to get to know the HRM practices transferred in detail but also to have solid information available for the actor-related level. Besides data collected in interview processes also access to other sources such as documents were granted.

When referring to Yin's (2009) rationale for single case studies we can claim that three out of five rationales as outlined above could be presented that justify the present case to be

investigated in single case study. We could not claim however for the other two rationales (extreme case or longitudinal study) to be arguments supportive for our project to qualify for a single case study. To meet all required quality standards of a case study we refer here to the respective sub-chapter above (6.2.2 “Seals of Quality for Case Studies”).

Before turning to the description of the sampling process we will set about the access to the empirical field. Many authors have discussed the difficulties of gaining access to the research field (Delany 1960, Saunders et al. 2009, and many more). Access to the research field shall be determined and guaranteed at a very early stage of the research project as failure in doing so can lead to a failure of the whole project (Anderson 2004). In technical literature obtaining access in large profit-oriented enterprises is evaluated as being even more difficult with the time-cost pressure being ever more present as state Johl and Renganathan (2010). The same authors also claim that gaining access has not stopped once a first interview has been guaranteed. Managing continuous access to key information throughout the process by adapting languages, being aware of cultural differences, and many other soft factors should not be neglected. Organizations might deny access for various reasons such as too many requests, time availability, confidentiality issues (Saunders et al. 2007), scepticism about the role of an outsider, no valuation of academic studies (Johl and Renganathan 2010), and many more reasons. In order to meet all quality research standards gaining access to the research field will be described next.

In fact the topic of field access for the present study was closely related with the realisation of the research project itself. Through the personal network of the researcher a potential access was present to gain a deep insight into an US multinational corporation. It turned out that the potential access would allow for a perfectly matching single case study for a research project to be realized under the umbrella of the above described larger project at the chair of Human Resources and Organisation at the University of Fribourg. Thus, as hard as gaining access to the research field might be in some cases the present project fell on fertile soil within an organization that was supportive in granting access and backed the investigation on high managerial level. It emerged that for this case the proposition of Bryman and Bell (2007) to use the existing network to gain access to a research field was successful without many trade-offs to be negotiated. Also in our case gaining access to data and key informants was decisive for the realisation of the project. In fact the potential realisation of a project that is in need of deep insights into an organisation as a matter of the topic went hand in hand with permission for access. A first important contact to test accessibility of the data was made with a person of European responsibilities in human resource management. After presenting the project an agreement was negotiated for the project to be taken forward. Besides getting the agreement on taking the project forward and being allowed to address the necessary informants within the organisation the project was even supported by the initial contact to get access to key informants in the US.

With direct contact details of the key informants and the commendation of a management member at high hierarchical level a first contact to key informants in all countries (USA, Germany, France, and Switzerland) was made either by email, telephone call, or personal visits to explain the project and how important it was to have the informants' participation. It turned out again that getting high hierarchical support within an organisation can help in opening doors. To make an effort in the sense of the above outlined sensitivity to local and national conditions and conventions all key informants were addressed and talked to in their native language. By having the first contact interviews and site visits were arranged (in some cases with support of a locally situated secretariat). In 31 interviews only one person was reluctant in giving information and insights. The majority (30 interviewees) were very open and supportive. Those numbers lead us to the next sub-chapter describing the sampling of the project and the sample description.

A special paragraph shall here be dedicated to the topic of (participatory) observation. Due to the professional engagement of the researcher access to data was not only limited to

interview conduction and document collection. During the data collection period the researcher had also the opportunity to collect substantial data through observation. Participant observation is a process of data gathering often applied in ethnography and describes “a process of learning through exposure to or involvement in the day-to-day or routine activities of participants in the research setting” (Schensul and LeCompte 2013, p.83). Thus a more comprehensive data set could be composed than in a case of interview data collection only.

6.3.3 Sampling, Sample Descriptions, and Data Collection

Sampling in single case studies is somewhat exclusively linked in choosing the right interview partners and getting granted access to other data to secure all relevant information is being collected. According to King (2004) the interview represents still the main data gathering method in qualitative research. In the present project semi-structured interviews were conducted to collect a substantial volume of information. Following Anderson’s (2004, p. 62) research journey approaching the right interview partners in the data collection process is downstream from the research design. In order to be able to reach the project’s goals key informants have to be identified to collect the necessary data besides gathering data by other means such as documents, emails, reports, press articles etc. (Gibbert et al. 2008). It is again question of having high construct validity guaranteed. For this we proceeded country by country to select those internal positions as interviewees that would have potentially the best knowledge of the research subject in place and in addition would have best access to provide additional information in form of documentation about the topic investigated. Again data triangulation was key.

For each country the researcher decided together with the European responsible HR person who would be the persons to interview and what positions should be included in the interview sample where the best possible data collection would be guaranteed. Eventually a series of interviews was conducted between February 2014 and December 2014 with 31 interview partners in the US, Germany, France, and Switzerland. Selected follow-up telephone interviews and face-to-face interviews with initial interview participants in the sense of theoretical sampling (see subsequent sections) have been conducted between December 2014 and March 2015. The interview partners were approached following suggestions by Marschan-Piekkari et al. (2004) to involve the right key informants. 21 interviewees have HR roles either in the US headquarter, the European headquarter, or in the subsidiary countries Germany, France, or Switzerland. The 10 remaining interview partners have business or other shared service responsibilities either on global, European, or local level and are directly affected by and/or involved with the implementation of the HRM practices analysed. Tables 6.3 “Interview sample information I” and 6.4 “Interview sample information II” below give an overview and further insights about the set of interview partners. Although at first sight the numbers of interviews seem to be little unbalanced between the countries the description of the company structure and interrelations between the different European roles and subsidiaries will shed some light on the choice of interview partners (see subsequent sub-chapters). The duration of the interviews was between 30 and 150 minutes and all interviews were held in the interviewees’ mother tongue and followed a specially prepared interview guide for a systematic data collection in all aspects of the HRM practice transfer (see appendix). The interviews were not tape-recorded for confidentiality reasons (find a more detailed explanation below) but extensive interview notes were taken, transcribed and sent to the interview partners for approval. This process was entirely completed before the analysis took place. Of the 31 interviews 29 have been conducted in personal presence on the respective site in each country, one telephone interview and one video conference interview account for the residual two conversations. An advantage of the face-to-face interviews lies in the flexibility to re-launch questions formulated differently to clarify on concepts or to explain a certain terminology (King 2004a). As the interviews were all

conducted in the interviewees' mother tongue and given the high level of expertise of the interview participants the need to re-explaining and clarifying concepts was not often given. Still it could in some cases make up the obviation of distorting the research results by interpretation. Giving the interview partners the language advantage is one major point to respect in cross-national and cross-cultural research projects (Marschan-Piekkari and Reis 2004) for both getting more authentic answers and establishing a good connection between the researcher and the interviewee (King 2004a, Marschan-Piekkari and Welch 2004a). Due to the language expertise of the researcher (bilingual studies German-French and a professional assignment in the UK) this advantage could be granted to all interview partners (see Table 6.3 "Interview sample information II"). This was in further support of what Hantrais (1999) brings up as problems of concept equivalence. Some concepts do not easily translate from one national context to the other. With this we are in the centre of the topic of the research project anyhow with different NBS systems and cultural and actor-related influences to moderate a transfer of concepts. Although all measures to ensure highest quality of the research in this respect it would be overconfident to claim that no issues were faced related to this point. But for explained reasons no further weight needs to be given to this matter. With interview transcripts entered into the data analysis software MAXQDA 11 for professional and sophisticated qualitative data analysis – for more details see subsequent sub-chapters - and transcripts being sent back to the interviewees for approval and correction where requested (only very few adjustment were made to the interviewers notes) a further step was taken in making sure the understanding of concepts and the understanding of the interviewee's statement were fully captured on both sides of the interview table. As for the interview guides a master version in English language was established based on interview guides that have been used in other project in this research area (Wächter and Peters 2004, Schröter 2013) but extended and adapted to the research project in place. For interviews in German and French language a translation of the main concepts and national-bound questions has been realized prior to the interviews. Along the field work process slight adaptations to the interview guide were made in order to allow new insights from literature to play their role in the field investigation process.

Table 6.2: Interview sample information I
(own compilation)

Information	Country / Region					Total
	US	Europe	Germany	France	Switzerland	
Organisation	Headquarter	European Headquarter	Acquired subsidiary	Acquired subsidiary	Acquired subsidiary	
Number of interviewees	13	6	2	3	7	31
Whereof at "Director and above" level	11	4	0	0	4	19
Whereof at Manager level	2	1	2	1	3	9
Where of below manager level	0	1	0	2	0	3
Whereof with HR role	12	4	2	2	1	21
Whereof with business role (or other)	1	2	0	1	6	10
Whereof expatriates or international experience	2	3	0	1	4	10

Table 6.3: Interview sample information II
(own compilation)

Interview Number	Location	Scope of responsibility	Functional Area	Nationality	Interview Language
1	France	National	HR	French	French
2	France	National	HR	French	French
3	France	National	HR	French	French
4	Germany	National	HR	German	German
5	Germany	National	HR	German	German
6	Germany	European	HR	German	German
7	Germany	European	HR	German	German
8	Germany	European	HR	German	German
9	Germany	European	HR	German	German
10	Switzerland	National	FINANCE	Swiss	German
11	Switzerland	National	HR	Swiss	German
12	Switzerland	National	SALES	Swiss	German
13	Switzerland	National	GM	Swiss	German
14	Switzerland	National	MARKETING	Swiss	German
15	Switzerland	National	SUPPLY CHAIN	Swiss	German
16	Switzerland	National	SALES	Austrian	German
17	UK	European	GM	English	English
18	UK	European	GM	English	English
19	USA	Global	HR	US	English
20	USA	Global	HR	US	English
21	USA	Global	HR	US	English
22	USA	Global	HR	US	English
23	USA	Global	HR	US	English
24	USA	Global	HR	US	English
25	USA	Global	HR	US	English
26	USA	Global	GM	US	English
27	USA	National	HR	US	English
28	USA	National	HR	US	English
29	USA	National	HR	US	English
30	USA	National	HR	US	English
31	USA	National	HR	US	English

Besides interview another important data resource was the (participatory) observation in a period between April 2013 and December 2014. During this time, besides taken extensive notes, a volume of documents, emails, presentations, etc., could be collected to have a further source for analysis allowing for a supplement data “triangulation” (Patton 2014) besides comparing interview content. In the sense of avoiding personal interpretation as one of the main bias risks documents to support the observation notes have been collected (Schensul and LeCompte 2013). In favour of the study’s reliability the documents assembled were listed in a case study protocol and the observation notes are part of the data fed in the

data analysis software (see subsequent sub-chapters for more details). As shortly touched upon above not only interview content and documents were analysed but systematically surroundings and environment was taken into account with a specific observation checklist to orderly catch all aspects of the organisation's "spirit" such as rooms, locations, work space, work time, rituals, ambiance, etc. As the big majority of the interviews (29/31) were conducted in person at the respective company site of the interviewee there was always the opportunity to get an impression of the company's layout, corporate appearance, corporate identity and decoration, construction and office layout, presence of HR related topics in form of posters and displays, etc. A special deal of attention was also given to personnel related realities such as where HR offices are situated and softer factors as for example rituals, work time, office space, symbols, language spoken, hierarchical differences, groups of employees, interests and identities, etc.

Again according to King's (2004) suggestion for qualitative research methods comparing interview findings with findings from other methods such as documentary analysis plays in the way of triangulation and is in line with the realist/post-positivist epistemological principles.

With all these sampling tactics and measures in place we have guaranteed for construct validity to the fullest extent. In order to guarantee for the best possible research quality we will touch upon two principles from "Grounded Theory" (Glaser and Strauss 2009). First, the constant comparative method – although it does not look to gather a representative case, which in turn is a quality criteria for single case studies and was therefore respected the case selection (see precedent sub-chapters) – seeks a "joint coding and analysis [...] to generate theory more systematically" (Glaser and Strauss 2009, p. 102) with a progressive and sequent process. In other words there is a strong link between data collection and analysis proposed in order to have a sequel approach to new theoretical findings. Those principles were respected fostered by a continuous comparison of gathered data with new insights from the desk research and a continuous exchange on results in periodical meetings with Prof. Dr. Eric Davoine, discussions with other doctoral students having conducted researches in the same field and HR practitioners and experts in and outside the case study company. A continuous examination with the collected results was also given during the establishing and preparation of congress papers to be handed in. Second, the theoretical sampling foresees to decide on further selected data gathering activities in order to build a full and accurate picture of a situation and build a well-founded theory (Glaser and Strauss 2009). Part of the requirements by theoretical sampling are also covered by the continuous exchange as just outlined. Additionally further selected follow-up interviews with initial interview participants were arranged to further explore on some generated data.

As shortly addressed above from the entire set of interview partners only one person was reluctant in giving information. The topic of practical issues in carrying out interviews was also treated by King (2004a). Although all proposed interview strategies (transparency about research goal, time requirements, confidentiality, anonymity, silence, rephrasing, etc.) to overcome such situations were applied the interviewee was still very short and sometimes monosyllabic in his expression. In fact this interview did eventually not provide as much information as wished.

In relation to this it is important to shortly explain why the interview series was not tape-recorded and what led to the decision for opting for interview notes. The first interview that was conducted in February 2014 in the Swiss subsidiary of the company should have served as a good base to start from as the interview partner being coincidentally in the set of interviewees was chosen due to a long-lasting relationship to the interviewer. Although in the past professional topic between the researcher and this interviewee have been discussed in depth and in detail the tape-recorded interview led to an uncomfortable situation for the interviewee such that the data collected were not really satisfying. The researcher then openly addressed this point and asked for a second interview with only taking extensive notes. This decision turned out to be very valuable. For the forthcoming interviews it was

therefore decided to change tape-recording for extensive note-taking as it could not be afforded to take the risk on sub-optimal data gathering.

As for other interviews we followed advices by King (2004a) and Laurila (1997) about for example high-status interviewees. The questioning was adapted to the level and expertise of the interviewee and a respectful relationship still showing some expertise in the field was established. A technique applied was also to ask high-status interviewees about their expert opinion to findings in other interviews or in the desk research or to take the opportunity to teach a comparatively unexperienced professional in some important areas of their professional life. But all in all even highly ranked managers turned out to be very approachable and helpful in providing information or even indicating additional sources of information.

6.4 Selection of HRM Areas and Data Analysis Process

In this section we will have an insight on what human resource management areas the present study focusses and why. As we will learn in the respective sub-chapter this is closely related to the research questions and the research goals and has also an impact on the second subject of this section the data analysis process. In this sub-chapter it shall be explained how the analysis process was planned, what approaches had been considered and what tools had been used.

6.4.1 Selection of HRM Areas to be Investigated in the Present Research Project

As shortly discussed in the introduction of this dissertation (sub-chapter 1.3.2 “Nature, Focus, and Level of International Human Resource Management”) the areas of HRM considered for this study enfold in principle the same categories as are considered in studies related to the same topic of cross-border transfer of HRM practices (Davoine et al. 2011, Wächter et al. 2004). At the same time it was established in a high level manner allowing all country specific circumstances (USA, Germany, France, Switzerland) being covered under the same umbrella topic in which other countries might have different preconditions. In other words no category should enfold only one country for its national specification but hold off other countries with no specific realities. Thus the categorisation shall be internationally applicable and as such was chosen on a high level. Table 6.4 “Selected HRM areas of the present investigation” displays the list of categorisation of selected HRM areas for the present project.

*Table 6.4: Selected HRM areas for the present investigation
(own compilation)*

Selected HRM areas for the present investigation
Recruitment and Selection
Training and Development
Compensation and Benefits
Instruments of Corporate Culture
Performance Appraisal and Dialogue Systems

Those areas served as the starting base to work from in terms of the “nature of human resource management”. Naturally those categories served as a first rough list of attributes also for the data analysis process which was, corresponding with the dynamic property of the constant comparative method of the Grounded Theory (Glaser and Strauss 2010), extended by other features of analysis in order to fully cover the presented research framework in chapter 5 “The Research Framework”. Table 6.5 “Other HRM-related coding attributes” displays other attributes and categories or as we will refer to here below “codings” which structured the analysis process described in the following sub-chapter also giving a hint to the dynamic process of data coding in template analysis.

*Table 6.5: Other HRM-related coding attributes
(own compilation)*

Other HRM-Related Coding Attributes
HQ Relations
Dismissals
Mobility
Information Systems
Budget and Finance
Mergers and Acquisitions
Other Effects

This conception of the nature of HRM areas is relatively wide-ranging. The selection of those areas was all but coincidental. The choice to cover a broad range of HRM areas is a logical consequence of the research questions and the selected research framework in place. As we investigate the interplay between macro-level and micro-level influences on the

international transfer of HRM practices from one home-country to three host countries the project shall absolutely filter and display all possible effects in all national contexts. The danger of missing out on effects by narrowing down the scope of HRM areas would aim at the opposite direction of the study purpose. A limited selection of HRM practices would thus disadvantage the research projects contribution. Because an analysis, which might be interesting in a US-Germany related interplay in an area of training and development with the special German VET in place might not lead to any considerable results when investigating an US-France interplay on the same subject. The list as displayed in table 6.6 is not concluding for all codings applied for the analysis. The next sub-chapter about the data analysis process will discuss the coding and data analysis process in more detail.

6.4.2 The Data Analysis Process

In this section we will look at how the data analysis process for the present investigation was conducted. The technique adopted is referred to as “template analysis” by King (2004b, p.256) and is described as not being a “single, clearly delineated method; it refers rather to a varied but related group of techniques from thematically organizing and analyzing textual data”. King (2004b) describes the technique to be appropriate for different epistemological positions and it does not interfere with the underlying postpositivist paradigm of this work. As King (2004b) describes template analysis is a flexible technique with few specified procedures that allows researchers to apply it to their own requirements. Further template analysis suits well for handling large data sets for comparing different perspectives of different groups in different contexts. As such it fits well in the multinational setting of the present study that also investigates actor-related aspects that need to be contemplated and scrutinized from different angles. Hence with the described technique we have a nice tool at hand to tackle the challenge faced by many qualitative researches in terms of rich and complex data sets gathered (Waring and Wainwright 2008).

Template analysis works by labelling text passages with defined codes in order to more easily identify topics in a large volume of data which allows for a more structured interpretation (King 2004b). In the present study this process was operated with the supportive use of the MAXQDA 11 (Release 11.0.8) a software especially developed for qualitative data analysis processes. All in all close to 40 different codes and sub-codes have made up for approximately 2'000 codings in gathered data during interviews and observation. The next sections shall illustrate how the coding and analysis process was executed.

As for the interview transcripts all documents (typewritten in Microsoft Office Word) have been named with an interview number, the national location where the interviewees function has its main activities, the scope of the interviewees function, his/her nationality, and the date of the interview in order to have the same format for all documents before the upload into the analysis software MAXQDA 11. Thus all documents had a format as illustrated: *InterviewNumber_LocationOfFunction_ScopeOfFunction_Nationality_DateOfInterview*. During the interviews and the observation period extensive notes and documents were collected. All observation notes have been typewritten in a Microsoft Office Word document and were added to the database of the MAXQDA 11 project in order to be incorporated in the analysis. The respective passages of notes had all been described with the main topic of the content, the date of collection, and the reference to the sources.

Referring to the coding and on what we have briefly touched upon towards the end of the previous sub-chapter a main subject in coding is the development of the coding system. King (2004b) distinguishes three different approaches reaching from working with a set of pre-defined codes to a system of prior initial data exploration before defining codes, with an

intermediate solution of starting with a basic set of codes to be further developed along the coding and analysis process. For the present study we have applied the intermediate version where we allowed new codes to enter the game as they proved to be valuable during the coding process. The initial base of codes stemmed from common topics from the comprehensive literature review and the assumptions formulated at an earlier stage. The set enfolded first-level-codes such as “HRM Practices” to be completed with sub-codes comprehending the defined practices as listed in the previous sub-chapter, i.e. “Training and Development”, “Compensation and Benefits”, and others. As more topics were brought to limelight by interview statement they were subsequently be added to the list of codings as was for example the topic of “Mergers and Acquisitions”.

Waring and Wainwright (2008) name also two possible structures when setting up the coding pattern for a specific data analysis. First, hierarchical coding refers to different level of codes where a primary level code holds different sub-codes which in turn hold again their sub-codes. This hierarchical approach allows for a refined analysis within a certain subject of interest. Second, parallel coding refers to a coding system that allows for text fragments to be multiply coded with different labels at the same time.

For the present study both principles have been applied in order to best meet the study’s analysis requests. But opposed to other studies where multiple and extensive hierarchical structures were setup and in order to prevent the system from becoming too complex in this study we capitalized more on parallel coding. The reason behind is that with the organizational structure of the research field of this single case study project the transfer of only one single HRM practice might include local, European, global, and even additional local views from different national setting on a subject. Thus with multiple hierarchical coding structures the analysis tends to become very difficult. King (2004b) points out that the coding structure and analysis process will heavily influence the interpretation phase of data and the coding system needs to be setup in order to facilitate the interpretation process. For him the danger lies in the assumption of linear interrelations between the topics. “The standard template depicts the relationship between themes as a linear one [...] This simple structure has advantages in terms of clarity [...] However, it may not reflect the kinds of relationships a researcher may want to depict in his or her analysis” (King 2004b, p. 267). Consequently for this study we set aside an extensive hierarchical structure and setup a system including a broader set of first-level codes to be combined in parallel coding fitting the interpretation process. An extract of the code system is illustrated by the screen shot below (Figure 6.1 “Code System Extract”).

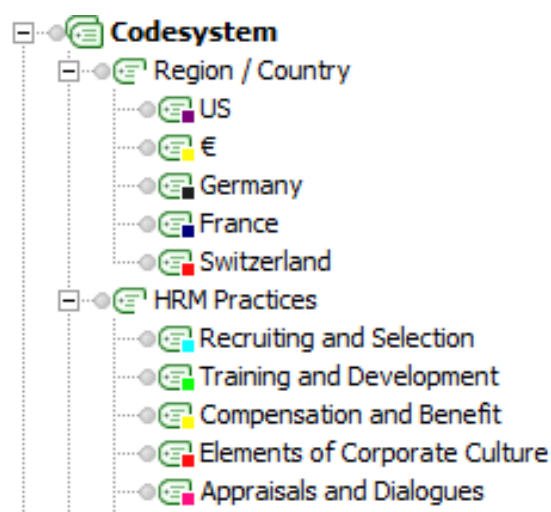


Figure 6.1: Code system extract
(Screenshot from Analysis Software MAXQDA 11)

The following example shall illustrate how the coding process worked for both interview gathered data and observation-sourced data.

Figure 6.2 “Interview coding” shows an extract from the data analysis software MAXQDA 11. On the left hand side of the text the little number 56 indicates the paragraph of the text in the software’s document browser. Further on the left the different colored bars indicate that the text passage had been labelled with different codes. For this example the inner red bar, the one closest to the text fragment, stands for the country code “Switzerland”, a sub-code to “Region / Country”. The violet bar, second from the right, attaches the country attribute “US” to the passage, also a sub-code to “Region / Country”. Those two labels help to identify the text fragment as containing a statement about the two mentioned countries when doing systematically a retrieval in the software. The text passage is further marked with a lavender bar that stands for “Other Effects” referring to other effects than the big HRM categories as indicated above and with another red bar that stands for the label “Elements of Corporate Culture” that stands for this very HRM practices and refers to the cultural element of condolences in this specific text fragment.

The example illustrates how parallel coding was applied in the analysis phase of the research project. When a retrieval in the text is done and one of the four attributes is selected the text passage automatically appears among the results. When we further seek what elements of corporate culture of the US is also a topic in Switzerland and all three “Elements of Corporate Culture”, “US”, and “Switzerland” are selected, a more refined search result will appear amongst which this text passage would be included. Parallel coding in MAXQDA can be benefited from with the software feature that allows for combined or intersectional retrievals.

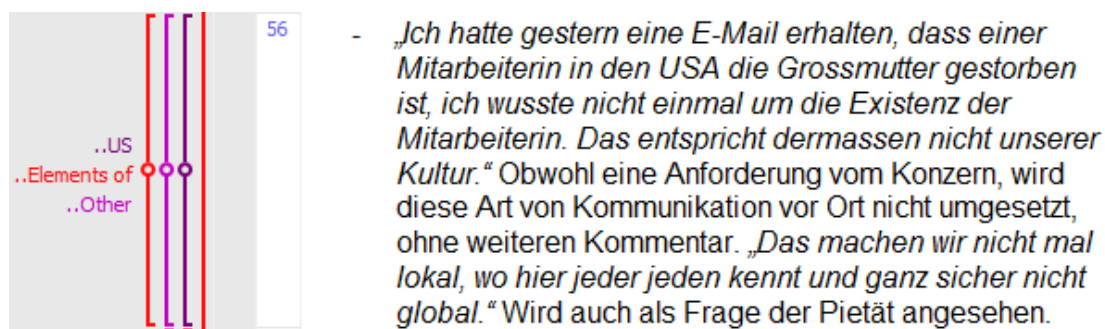


Figure 6.2: Interview coding

(Screenshot from Analysis Software MAXQDA 11)

The same principle had been applied for the observation notes. Figure 6.3 “Observation notes coding” illustrates this process. In the observation note below about the topic of “integration” of the subsidiary into the international group, three labels have been attached. The white bar stands for the “Micro-Level” code, the blue bar stands for “Symbolic Effects” a sub-code to “Micro-Level”. The red bar indicates the country code “Switzerland”.

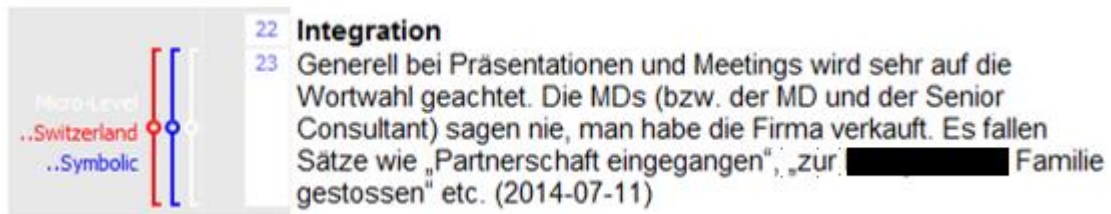


Figure 6.3: Observation notes coding

(Screenshot from Analysis Software MAXQDA 11)

With the use of the data analysis software MAXQDA 11 and also the sound tracking of a data collection protocol we argue to fulfill all requirements about this point in the matter of reliability, a topic we have discussed in sub-chapter 6.2.2. “Seals of Quality for Case Studies” (Yin 2009, Denzin and Lincoln 2011, Schnell et al. 1995). By applying the technique we would allow any other researcher to replicate the study. Further, the case study protocol does not only enhance transparency but shows also sources of evidence which are in turn important to proof data triangulation that influence positively the construct validity of the study. By making use of a computed data analysis it makes it easier for other investigators to access the data as reported here (Sinkovics et al. 2008). Further we are in line with King’s (2004) claim that the applied technique of template analysis suits the use of a data analysis software very well. In fact, we have a combined case study protocol in place which enfolds electronic data in MAXQDA 11 and a paper based archive which enfolds documents collected during interview sessions and observation. Even though MAXQDA 11 would allow to handle all in an electronic way by scanning documents and further edit them we opted for a partly paper-based approach here as some of the documents collected are in form of booklets and brochures which to scan would be very time consuming. An extract of the empty template of the case study protocol is shown in Figure 6.4 “Extract case study protocol template”. For more complete and integral displays of code systems and other overviews and documentation please refer to the appendix of this dissertation.

Data-Collection-Protocol

Other Sources

Status as per: 06.02.2016



Code	Source Nature	Form of Registration	Complementary: Interview Partner or Document Nature	Source Site	Date
F-1	Informal exchange	oral	3_French_France	France	25.09.2014
US-1	Observation	visual	30_US_US	US	02.12.2014
UK-1	Informal exchange	oral	7_UK_Europe	Switzerland	multiple
CH-1	Observation	visual		Switzerland	multiple
EU-1	Observation	participation / document		Switzerland	multiple
US-2	Observation	visual / oral		Switzerland	28.06.2014
US-3	Document	document	online interview	Internet	11.07.2014
US-4	Observation	visual / oral		US	02.12.2014
US-5	Informal exchange	oral	19_US_US	US	02.12.2014
US-6	Observation	visual / oral		Germany	27.01.2014
UK-2	Informal exchange	oral	7_UK_Europe	Switzerland	08.07.2014
US-7	Informal exchange	oral	30_US_US	US	02.12.2014
US-8	Informal exchange	oral	30_US_US	US	02.12.2014
CH-2	Observation	participation		Switzerland	multiple
CH-3	Informal exchange	oral	24_Swiss_Switzerland	Switzerland	07.08.2014
EU-2	Informal exchange	oral	9_German_Europe	Germany	30.11.2014
EU-3	Informal exchange	oral	10_German_Europe	Germany	22.07.2014
US-9	Document	document	PPT Slide Show	Germany	21.01.2015
EU-4	Observation	photo	Photo	Germany	27.01.2014
US-10	Informal exchange	oral	28_US_US	US	02.12.2014
US-11	Observation	oral / document	PPT Slide Show	Germany	15.01.2016
EU-5	Informal exchange	oral	European Recruiting Mgr	Telephone	15.12.2015
EU-6	Observation	participation / document	PPT Slide Show	Austria	10.11.2015
CH-4	Observation	oral / visual		Switzerland	multiple
EU-7	Informal exchange	oral	11_German_Europe	Germany	multiple
US-12	Informal exchange	oral	28_US_US	US	02.12.2014
EU-8	Document	document	Tool / Excel Spread Sheet	Austria	09.12.2015
EU-9	Informal exchange	oral	9_German_Europe	Germany	multiple
EU-10	Informal exchange	oral	11_German_Europe	Germany	multiple
US-13	Informal exchange	oral	29_US_US	US	02.12.2014
US-14	Informal exchange	oral	29_US_US	Germany	15.01.2016

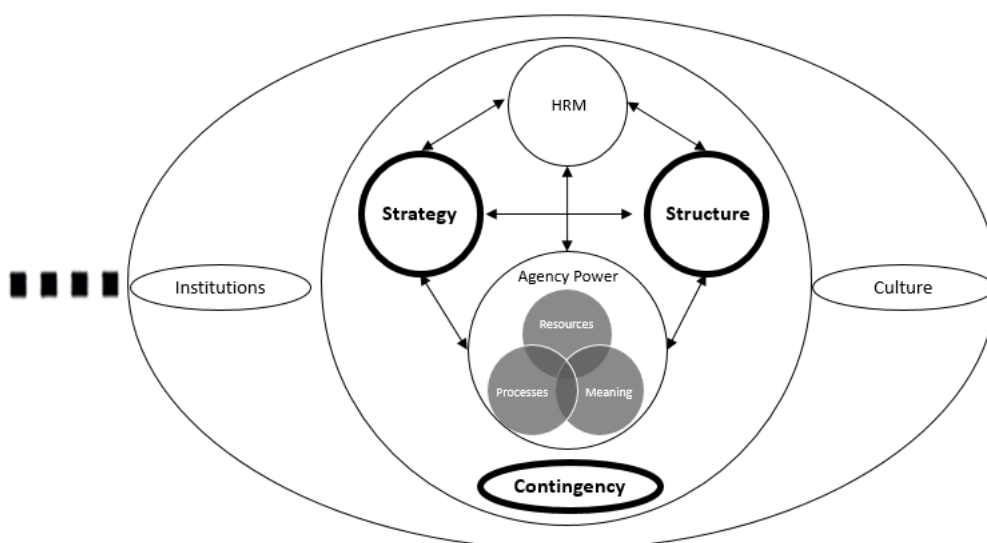
Figure 6.4: Extract case study protocol template
(Excel Screen Shot)

We next turn to chapter 7 “Description of the Single Case “HealthCo” – Company Information, Structure, and Organization” which contains a description of the single case we name “HealthCo”. This serves as an introduction to the analysis and results which will be discussed in remaining chapters of this dissertation.

7. Description of the Single Case “HealthCo” – Company Information, Structure and, Organization

In this chapter we elaborate an introduction and description of the company which figures for the single case study research. This part will help for a better understanding of the analysis and results presented in the subsequent chapter 8 (“Analysis and Results of the Empirical Study”). When we glance at the model underlying the investigation we can say that in fact four major elements out of the model will be described here. Those elements, referred to in the paragraph and illustration below will be examined for all components of the international setup being of interest for this study, i.e. headquarters in the US but also the European headquarters, and the subsidiaries in Germany, France, and Switzerland. The sequence of descriptions will be as just specified. As for the elements we look at the contingency factors and key figures and will refer to as why the present case can be considered as a representative case in the sense of the rationales for a single case study according to Yin (2009). This part will also contain elements of the company’s/subsidiaries’ history and development. We further look at the structure and organisational setup of the different “HealthCo” elements. This enfolds for example but not exclusively the different business divisions, the HR setup, the international coordination and the relevant reporting lines. Another part being included in the description will be referred to as the strategy and management. Other elements as the headquarters’ or subsidiaries’ cultural heritage and other background information, the view of the subsidiary of the international management and the element of unionization will also be shortly touched upon in the description here. Looking at the investigation model the different parts accentuated in figure 7.1 (“Description of the single case ‘HealthCo’”) will be in summary part of this present chapter.

In order to grant the anonymity negotiated with the company to get granted access to data and the opportunity to conduct this investigation we will, as we have done here above, refer to the company as “HealthCo” giving a hint to the industrial sector the case study enterprise is active in. Anonymity will be upheld throughout the description and presentation of analysis and results. To protect the anonymity some of the following descriptions will rather disclose rough numbers, magnitudes, and dimensions rather than exact figures that could lead to obvious interferences.



*Figure 7.1: Description of the single case “HealthCo”
(based on Wächter et al. 2003 and Ferner et al. 2012)*

7.1 US Headquarter Description – Home-Country Setting

As we will learn along the description of the home-country setting the present case qualifies well for a representative case of an US multinational enterprise (see also sub-chapter 6.3.2 “Provision of a Rationale for the Single Case Study Selection and Negotiating Access to the Field”). “HealthCo” was founded in the early stages of the 20th century in the Eastern part of the United States and stayed a rather easy to survey family business for about 30 years before growing rapidly its home market. There “HealthCo” today has multiple sites all over the country providing the products and services to its customers. International expansion only started towards the end of 20th century with a clear focus on Western Europe. Today “HealthCo” has subsidiaries in more than 20 countries worldwide with a geographical presence on every continent and multiple thousands of employees working for the US based organisation making up for a multi-billion USD company (worldwide consolidated) with customers in more than 150 countries all over the globe. International expansion follows a clear and thorough strategy that foresees a partnering with foreign local market leading companies paving the way into new national setting whereby “HealthCo” profits from the local expertise and business know-how. The internationalization approach is accompanied by clear processes and an elaborated business development and due diligence program which has so far guaranteed a highly success expansion course. Only in very few cases the expansion to foreign markets has been withdrawn. The reasons were that the foreign local way of making business collided with the company’s principles.

The listing at the stock market effectively took place before the start of the new millennium. The continuous growth of the enterprise nationally and internationally contributed to a successful development of its shares since the listing took place.

“HealthCo” can be viewed as a company with a very strong and unique corporate culture which implies a high employee involvement stemming from the fact that “HealthCo” constantly promotes its employees of being the most important asset of the company. Corporate culture is not something that does only figure in colourful brochures it is on the management’s daily agenda. Managers are also held accountable of respecting and fostering the company’s culture. Although the stock market admittedly exerts pressure on delivering financial results the company’s employees are still esteemed by an employee-focussed culture. One interviewee summarizes it as follows:

“I would describe our culture as being tough on results but gentle on people. I genuinely think that we are generous to people in giving them time and space to develop.”
(8_UK_International: P23)

The US based enterprise has an organization that sees a split setup in three major different business divisions (consecutively referred to as A, B, and C) each of them concentrating on a specified market segment. For each of the business divisions the company sees further international expansion opportunities and aspires further geographical expansion. The business divisions operate rather independent one from the other with different strategic priorities in place. From a management perspective the global business is firstly divided into “North America”, “Europe” and “Rest of the World”. Within “Europe” and “Rest of the World” a more distinguished subdivision comes into play with different European regions being managed by regional international managers. Today the most important market is “North America” with approximately 60% of the turnover being realised in the US and Canada. This represents twice the size of the European market accounting for about 30% of the turnover and seeing the “Rest of the world” contributing around 10% of the worldwide turnover. The split on what exact regions and countries are part of a specific responsibility of managers can vary between the business divisions. Disclosing “North America” as a specific business

region does not only show the strong US heritage of the company but also the market importance this region represents. The headquarters of all business divisions and of the so called shared services (Finance, Information Technology, and HR) are hosted in the US. From there, as described, different reporting lines go over to Europe or other parts of the world for their regional responsibilities to be assumed. The shared service functions operate for all business divisions at the same time and are somewhat the interlinking part between the divisions. Of special interest for our study is the HR setup and the respective reporting lines. As just reviewed the international headquarters for human resources are located in the United States. In the same place the US responsible HR team taking care of the US national activities is resident. "HealthCo's" European headquarter for HR is located in Germany. A special section on the European headquarters will follow in the subsequent sub-chapter. Human resources have presence in all business countries of the company reporting to the regional HR team. The international coordination of the human resource services follows a combined top-down cascade and local expertise structure. On the one hand standardization of practices is a clearly defined goal but at the same time the local circumstances will also influence the way of implementing practices.

*"We strive to roll things out on a high level and then talk to local experts.
[...] We never lose our vision. But we have to accept that we need local
expertise."*

(14_US_Global: P10, P13)

In general, as we will learn in the next sub-chapter, the local national HR-teams report to their regional superiors. But there are some exceptions outlined shortly. The US is in daily informal contact with the European HR headquarters in Germany. Formal meetings in the US for all regional responsible HR persons to take part in are run about twice a year. Delegates from specific areas in HR from the global headquarter in the US are also joining the European HR meetings on a regular basis in person, by video conference or by telephone call.

For all three business divisions (A, B, and C) innovation and value-added services are two major strategic priorities. Although the innovation process and newly launched technologies can differ in their time of appearance on the markets due to regulatory and legal conditions the company strives to share best practices and spreading innovation all over the globe.

The cultural background and US heritage can be felt throughout the business but especially in the US offices. The US management style of the MNC at the home-country is at times in clear contrast to the entrepreneurial course of action in the acquired business in Europe of which some have been rather small, family owned enterprises. The international management team in the US is predominantly American and exclusively native English-speaking (US, UK, South Africa).

"HealthCo" as a company has about five major interest holders it is focussing on. As a company listed at the stock market the shareholders are one of those groups. The company focusses on providing them continuous growth and profitability. Further the employees account for another focus group where personnel growth and development shall be fostered. Of course for this group the corporate culture with high employee involvement, respect and dignity has a large intersection. As you would expect from a typical US "welfare company" (Jacoby 1997) environmental concerns, volunteering and other corporate social responsibilities play an important role. A next group the company focusses on are of course customers as they stand in the centre of action for all activities. There innovation and value-added services as described above are two of the major pillars that are enhanced to satisfy customer needs. Eventually the relationship with suppliers are concern the last interest holders. Long-term partnering with suppliers shall allow the company to grow in an environment of mutual trust.

All in all those fragments compose “HealthCo’s” vision in being an innovative, trusted partner to all stakeholders delivering high quality products and services and a stimulating environment for the employees.

We turn next to the description of the European headquarters and how this element functions in between the US headquarter and the different country organisations dealt with after the European setting.

7.2 European Headquarter Description – Setting of the Coordinating Function in HR

In this section we will concentrate on the relevant European HQ setting for the present study, i.e. only presenting the European setup that is relevant for the three host-countries involved in the present investigation (Germany, France, and Switzerland).

When it comes to the business side and the profit and loss (referred to as P&L hereafter) responsibilities all three business divisions have a separate European business reporting lines to a HQ in Europe. P&L is either managed through the headquarters in Germany (for business divisions A and B) or in the UK (for business division C). The European headquarters present the consolidated P&L results of their respective countries to the US to the international heads of business divisions. HR services on their side have a pan-European management rooted in Germany only. Both business and HR headquarters figure as an intermediate level between the United States and Germany or Switzerland respectively. As for the reporting line of the European headquarters for France one can say that it is only symbolically present but not of major relevance. The US negotiates directly with the French for P&L for the business division A and consequently with no European HR directly involved in the discussion as such. The reason therefore is rooted in the size of the French market in this business division and the dual role of the French country manager also assuming European regional responsibilities. France is present in the pan-European HR meetings but is heavily involved in the direct conversation with the US when discussing HR-business-combined topics.

A historical view on the setting shows that the European HR headquarters are located in Germany rather by coincidence than by choice. Although from a HR-regulative point of view it would make perfectly sense to strategically locate the pan-European HR-functions in a rather coordinated market economy (Hall and Soskice 2001) to assure respective expertise is present in a higher regulated environment on the other side of the Atlantic, the European HR setup is still historically grown and does not refer to a long-term strategic planning from the US. The European expansion of “HealthCo” that has started in the 1990’s in the UK, the Netherlands, and Spain experienced an accelerated growth in Europe in acquiring companies in Germany a few years later on. With the German businesses representing a major part of the P&L contribution when the business size on the European continent required more coordination and standardization from an US point of view, the choice to establish a European HR headquarter fell for Germany. Ever since the presence of the HR HQ in Germany the team has grown in size and has today specialists in different HR areas such as compensation and benefits, recruiting and selection, and organizational development. Those specialists and an administration person report to the European HR responsible person.

The HR offices in Germany are located in the same building as the HR offices for the national responsible German team leading to the fact that the European and the German team work door-to-door. The European HR team works closely with the business leaders of all three business divisions. There is no specific HR team only assigned to one of the business divisions A, B, or C.

As shortly touched upon above with the European HR team being located in Germany and composed with HR experts all being of German nationality a sensible understanding and affinity of different HR topics which are country specific for Germany is given. It also facilitates the communication with the local teams in the D-A-CH region (Germany, Austria, and Switzerland).

With the European HR team being located in Germany the view of the US international responsible managers on Europe is somewhat influenced as we will learn in the analysis part in chapter 8 (“Analysis and Results of the Empirical Study”). The perception the US team has is one of a much regulated market environment in Europe as a whole with a different history of the market economy as a background. Although this might be the case in a lot of situations also outside the three countries involved in this study it still shapes the expectations of the US team in general when it comes to standardization processes. This mind set is reflected by the following statement of a US interviewee about the difficulties in transfer of HRM practices:

“It is a different approach to some practices in Europe [compared to the US] where a lot of countries were socialist countries. But [the role of] HR [at the headquarters] is about understanding culture.”
(14_US_Global: P20)

The European regional manager in charge or representatives from his team would participate in global HR meetings in the US about twice a year. HR is also invited to business management meetings on a quarterly basis. As for European HR meetings they are held on a quarterly basis with the participation of all country HR representatives.

After having displayed the organization, reporting lines, and functions of the European HQ roles, we will now turn to the description of the subsidiaries in Germany, France, and Switzerland next.

7.3 Description of the German Subsidiary Setup – Host-Country Organization and Structure

The geographical expansion of “HealthCo” to Germany took place in the 1990’s in the business divisions B and C and business division A being added a few years after the first two. Today Germany represents one of the most important markets outside of the US with a turnover contribution and effective employee number that both account for approximately 10% of the global figures (combined for all three business divisions). The German business sees its business activities limited to Germany for divisions B and C but reaches also out to Switzerland and Austria in a very limited way to serve customers in business segment A. “HealthCo” has multiple sites (more than 30) in Germany spread all over the country with a different level of relevance for the three respective business divisions. The business has increased ever since through both organic growth and acquisitions. Due to the big market and organizational size “HealthCo” Germany has adapted very fast to the managerial style and setup of a big multinational company. Compared to other markets, where some of its subsidiaries are rather small and partially former family owned businesses, the German organization has a clear hierarchical management structure and is perceived as “unbelievably corporate” and “very similar the [US] offices” (7_UK_Europe: P67) by other Europeans. In other interviews and observations the US view of Germany is perceived differently. Although the exchange between the US and Germany is very respectful Germany is often seen as the offspring of works councils and labour regulations (4_Germany_Germany Regional: pp 29 – 34). The emerging culture from such a setup is consequently a mix of home grown structures, socialisation in the German culture and approaches to the employees and the market and US-home-country influences that

impacted the way of doing business and reporting lines with a certain export of management practices. Today in Germany there is a blend of a big US-German culture. Germany has a long serving management team in place which has gone through different phases with the company's expansion strategy. The team has an extended experience in acting in an organization between two poles of cultural and institutional forces and have led the company through the divergence process into an outbalanced state of a US-German subsidiary.

The different country business heads of division A, B, and C report to their international counterparts that are situated as explained above in Germany (A and B) and the UK (C). The business division operate independently from a business perspective but make use of common shared services.

The situation for the human resource department is different. As the human resource department is responsible for all three business divisions on both national and European level the interaction and reporting lines are relatively clear. The very interesting part that comes into play also for the transfer of HRM practices is, that the European HR team works door-to-door with the national German HR force. The interrelation, communication, and also identification with one another is very tight. Communication is facilitated with the common mother tongue and cultural differences do rarely exist. As discussed above the European HR team has a thorough understanding of the German HR preconditions, legislations, and legal environment in general, which makes it easier for the national German HR team to interact with their "European" counterparts. The German HR team does not often interact directly with the US HR organization.

From an outside perspective one can say that the German business and shared services work under the protective and insightfully umbrella of the European HQ structure that sees most of its part being located in Germany. For the following analysis for results this has a major impact on the transfer of HRM practices. When resuming the topic of the representative case (Yin 2009). One can say that the German "HealthCo" business is much integrated in both the corporate setting of a US multinational corporation and the local national setting with all its German specific features. Referring to the model the institutional embeddedness is at first sight not hindered by headquarters located in a different institutional setting abroad. Although "HealthCo" Germany is not unionized this is not traced back to the integration into a US multinational enterprise. On the other hand the relationship to the works council is described as very collaborative and partnering. Further "HealthCo" Germany is much engaged in the national system of dual VET. All those subjects will be further discussed in the analysis and results part being the content of the next chapter.

The business strategy can be viewed as very similar to the one described for the US above. Close customer relationships are an important success factor along other elements as innovation and value-added services. Like the US the engagement for the employees for "HealthCo" Germany is very important and a big value is attached to the employee retention and relation management.

7.4 Description of the French Subsidiary Setup – Host-Country Organization and Structure

The French subsidiary would not quite reach the size of its German counterpart in terms of number of employees and turnover. Still it accounts for one of the most important markets in Western Europe together with Germany and the UK as the market potential drives the activities. Especially in the business division A France accounts for a strategically important market on which focus is needed. The turnover in this segment is of several hundred million Euros. The market access came fairly early in the expansion process towards Europe. Although the combined size for all three business function today accounts only for approximately one third of the German size the French market is treated specially within

“HealthCo”. This also impacts the international setup of reporting lines in both business reporting and HR. As for Germany the main focus for the French business is the national market with only very few to none activities to be undertaken in the neighbouring countries. Those activities are also limited by the geographical presence of “HealthCo” all over Europe in all business divisions A, B, and C.

Given the importance of the market segment A and due to a pan-European role the French business leader of A occupies France negotiates its P&L directly with the headquarters in the US. For practical reasons the French market is looked at from a profit and loss perspective together with the region the above mentioned manager is taking care of. Consequently the HR team in its shared service function sticks also close to the business and has very direct reporting lines to the US and deals with questions stemming directly from the home-country. In fact from an organisational point of view the HR reporting line for France would see a manager be sitting in the European HR team in Germany. Practically a lot of communication goes directly between the US and France. This will be of relevance when analysing the transfer of HRM practices from the US towards the European subsidiaries. The business divisions C is much smaller in terms of contribution. Whereas business division B is not even present in the French market. For the business division C the market potential would also be present but the current market position does account for a similar success story as for business division A. In terms of the national network and sites one can analyse that business division A covers the whole country with French subsidiary sites (more than 15) and business division C is much smaller with only one national headquarter being present. This business is not even fully consolidated and thus is not further considered in the analysis unless explicitly referred to.

As for the US they do not seem to be specifically interested in the cultural and institutional differences in detail. Their optic is on the business potential within a market. By saying this it would be wrong to assume that they would not consider differences in culture and institutions to exist but they leave the responsibility to handle the differences in the respective market. The French perceive themselves as “something out of the Anglo-Saxon world, a world that is not easy to understand” (F-1; 3_French_France: informal exchange). This is also reflected by a statement from another interview partner:

“I perceive the French as much more anti-American than the Swiss and the Germans. They have in general more of a problem with US corporations and much more distrust towards US corporations. The country itself is more cooperative driven and it is a labour nation with strong values. This is a difference to the US with its ‘I am and me’ attitude.”

(7_UK_Europe: P37)

On the other hand some of the statements give the impression that the integration seems to be rather advanced and the corporate cultural elements that had to implement do not seem to disturb the French employees in their daily work.

France is the only country of the three host-countries investigated where unions are present.

7.5 Description of the Swiss Subsidiary Setup – Host-Country Organization and Structure

In the Swiss setup only business divisions B and C are present with a clear predominance for the activities of C. The market entrance came approximately 10 years after the international expansion to Europe took place. In contrast to Germany where the acquired companies did in some occasions represent big structures and organizations the Swiss business acquired counts for a former family owned SME that sees its activities limited to the country borders. Again with “HealthCo” having a geographical footprint all over Europe the countries shall not compete in the market with each other. But even before the Swiss subsidiary was acquired it did not expand its activities outside its national market. With the small country size somewhat setting the limits to compete with the figures in absolute turnover that are reached in Germany and France, Swiss “HealthCo” sees its business to contribute less than CHF 100 million in turnover. The business has developed into the market leading company for business division C since its founding. The Swiss market handling is done from only one single site located in the country. Although given the size of the country and the contribution in terms of turnover or operating income cannot compete with the potential of the German and French market the Swiss “HealthCo” subsidiary still accounts for one of the highest profitable businesses within the US multinational.

The business responsible in the respective markets B and C report directly to their European managers located in Germany and the UK respectively. The activities for both market segments are being conducted from the same location where the shared services as Finance or HR are provided for both divisions from the same teams. The HR reporting line goes directly to the HR European headquarters in Germany. Only very few communication goes directly to or comes from the US. The Swiss case can be viewed as being perfectly integrated in the international structure with the European headquarters handling the country’s reporting line.

As we rise the topic of “perfect integration” the extent to which the cultural integration has been fulfilled is not quite outstanding for the Swiss business. Where in Germany and France the rather big organisation can more easily handle the MNC environment it has been more of a problem in the Swiss case where the cultural resistance has been remarkable.

“There is much [local] influence and adaptation [in Switzerland]. In Germany and France it is easier than in Switzerland. It takes much more time [to get off the ground] in Switzerland. It depends on the people - whether they are [independent] managers [and new to the business] or the former owners of the company [makes a difference].”
(7_UK_Europe: P51)

The strategic priorities of the Swiss business are somewhat different from the German and the French case with different business models and market approaches in place.

7.6 Summary and Overview of International Setup

In this part we shall display in a recapitulative way what the international setup of the above described subsidiaries in the countries are. We do this by summarizing the descriptions in an overview table (table 7.1 “Summarized description of international presence and organizational setup”) and by providing a graphical element (figure 7.2 “International setup of organizations the countries investigated – ‘HealthCo’”).

Starting with the table 7.1 “Summarized description of international presence and organizational setup” it shall give an overview and possibility to compare the presence of “HealthCo” in the three host-countries investigated as well as how the home-market and European headquarters coordinate their international business. Again only as much data is delivered here as to insure the negotiated anonymity of the company is guaranteed.

*Table 7.1: Summarized description of international presence and organizational setup
(own compilation)*

Country / Region	Some Key Indicators	History / Development	Reporting Lines and Structure	Culture and Background	International view of subsidiary
US	Founded early in 20 th century Today: 20+ countries and multiple thousands of employees	30y family business before considerable growth in home market Expansion to Europe in late 20 th century Clear expansion and business development strategy Stock market listing before millennium change	3 major business divisions (referred to here as A, B, and C) Businesses divided into "North America", "Europe", and "Rest of the world" All global headquarters in the US	Former family owned business Strong corporate culture w/ high employee involvement Focus on stakeholder, employees, customers, suppliers, and environment	Home market Biggest market worldwide
European Headquarter	European headquarters were established in the late 1990's	Size of European headquarters is growing in heads/FTE	Separate business reporting lines for A, B, and C in Europe (located in Germany and the UK) Only one European headquarter for HR for all 3 business divisions (located in Germany)	Located in the same buildings as German business headquarters for division A	n/a
Germany	First subsidiaries in 1990's For business divisions A, B, and C Germany accounts for approx. 10% of contribution and FTE worldwide	First subsidiaries for B, and C; business division A added later	Business reporting lines to A, B, and C managers on European level A, B, and C operate independently; use of common shared services German HR works door-to-door with European HR	The acquired German businesses already were big organizations prior to "HealthCo" Blend of converged business cultures between US and Germany over the years	Perceived as very corporate in style of management
France	First acquisition in 1990's	Only market presence in business divisions A and C	Although European headquarters are present the reporting is mainly done directly to the US	Locally rooted culture with convergence towards US MNC corporate culture	Strategically important business for A in Europe
Switzerland	Market entrance approx. 10 years after general expansion	Only market presence for B and C (predominant)	Classic reporting lines to European headquarters for business and HR	Difficult cultural integration	Resistance towards corporate initiatives

To further illustrate how the reporting lines between the headquarters in the US, the headquarters in Europe and the European subsidiaries in the investigated countries are figure 7.2 “International setup of organizations for countries investigated – ‘HealthCo’” helps with a graphical display.

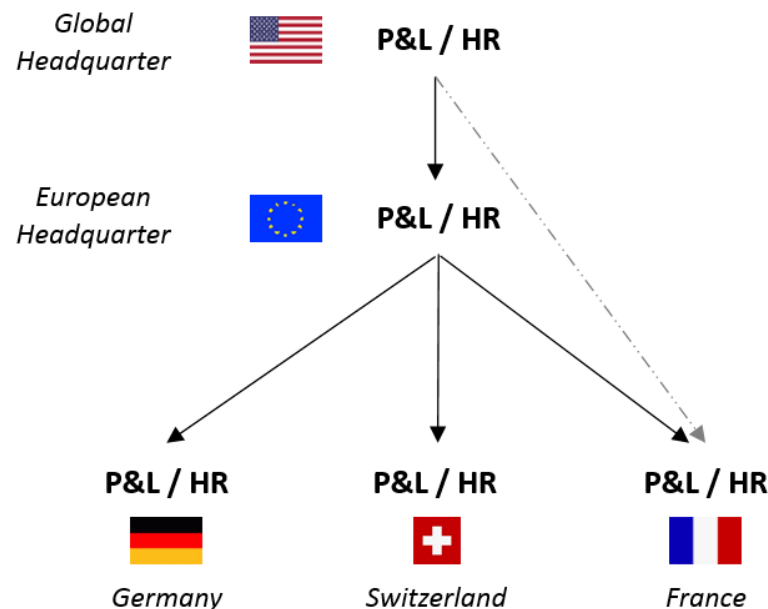


Figure 7.2: International setup of organizations for countries investigated - “HealthCo”

(own compilation)

As described above the reporting lines are displayed by figure 7.2. “International setup of organizations for countries investigated – ‘HealthCo’” with all global headquarters being located in the US and respective European headquarters being located in Germany and the UK. Although in theory the reporting line for France would go to the European headquarters in reality France does for the discussed reasons above deal mostly with the US directly. The figure shows also that the HR reporting lines follow the business reporting lines in for all organizational elements involved.

In the next chapter we will now discuss the results and findings from the empirical study. In order to have a better understanding of the results the present chapter has illustrated and described the international setup for the countries considered in the investigation.

8. Analysis and Results of the Empirical Study

In the present chapter we will deal with the analysis and results of the empirical study as indicated by the chapter's title. In this step of the study we establish the base for the eventual conclusions being discussed in the next chapter and we lay the ground for the findings and scientific contributions for the study to be presented. The analysis and display of results follow a clear structure that is shortly presented hereafter.

As we aim to deliver a comprehensive framework for the analysis of the transfer of HRM practices in a multinational setting the collected data is assessed against the research framework we drew from the extensive literature review. Part of this framework has already been used in the precedent chapter to analyse the setup and organizational structure of "HealthCo" (see Figure 7.1 "Description of the single case 'HealthCo'" in chapter 7 "Description of the Single Case 'HealthCo' – company information, structure, and organization"). Whereas in the precedent chapter we focussed only on very few elements of the research framework as such as the contingency factors, the company's international setup and structure, the strategy, and the interrelations between the US headquarters, the European headquarters and the three country subsidiaries, this chapter focusses on the analysis of the transfer of HRM practices as such. The framework will support us in having a structured approach to the analysis.

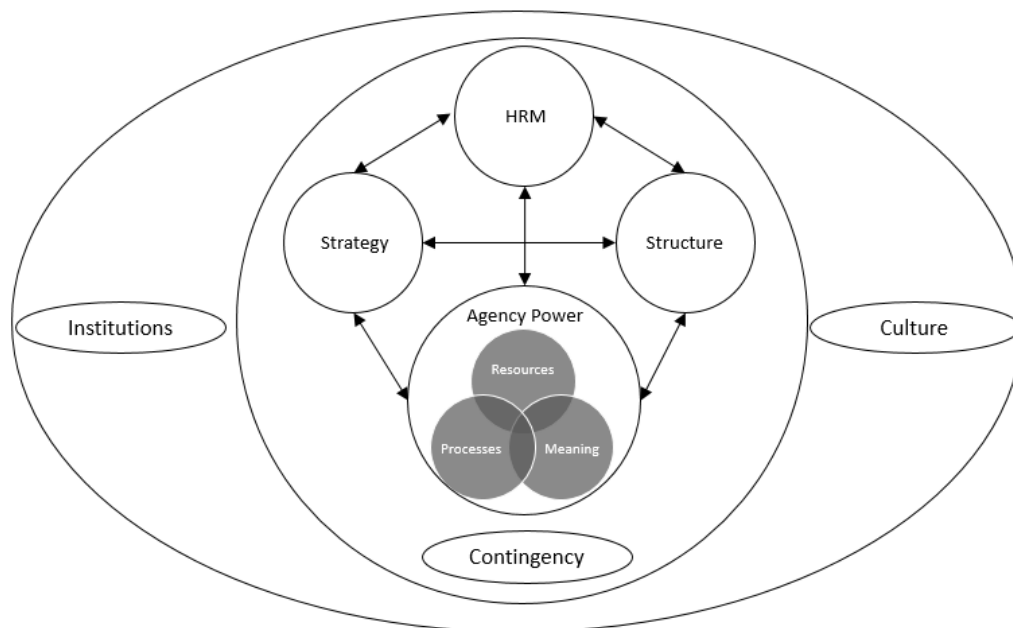


Figure 8.1: Research framework for the case study analysis and discussion of results

(based on Wächter et al. 2003 and Ferner et al. 2012)

In fact we will discuss in this chapter what HRM practices are in place on both sides of the Atlantic – in the HQ in the US and in the European subsidiaries respectively – and find out what the standardization degree of those practices are by looking through the lens of the framework. We will further see what effective transfer of practices took place and find out whether a certain local adaptation to the practice has been applied or whether a pure national local practice is in place. If an adaptation did take place there is a possibility to have a hybrid practice in place as described by Chung et al. (2014) or a completely adapted national

solution which is a stronger form of adaptation than a hybridization. In any case we will find out why the practices are in place as they are and why a pure transfer or adaptation took place. For this the framework based on the extensive literature review will structure our analysis in a way that both the macro-level (institutional and cultural influences) and micro-level (actor-related and micro-political reasons) are taken into account. Whereas on the macro-level side (Whitley 2000, Wächter et al. 2004) institutional impacts from a legal environment or educational system might moderate a transfer the micro-level side will focus on the agency power (Dörrenbächer and Geppert 2011, Ferner et al. 2012) based on local processes or meaning and managerial preferences. As an underlying discussion we will also ask the question of why transfer took place (Yu and Wu 2009, Kostova 1999).

The procedure for the analysis follows the structure of a country by country discussion with the US being the first country to be focussed on. In the country description and setup analysis the European headquarters of “HealthCo” was also part of the international jigsaw. When it comes to the analysis the European headquarters will only be considered for its moderating effect as none HRM practice applied can be analysed driven by the absence of a real business structure on this level. Therefore we will concentrate on the three subsidiary countries once the US has been discussed.

Within the discussion of the HRM practices of the respective countries the analysis will be structured by a consecutive breakdown by group of HRM practices as presented in sub-chapter 6.5.1 “Selection of HRM Areas to be Investigated in the Present Research Project”. We will then assess our findings against the formulated research questions and sub-questions (derived from the assumptions) and the developed research frame work presented in sub-chapter 6.3 “The Research Framework”. Following the analysis part we will eventually close this dissertation with the final discussion and conclusion on the key findings and limitations of the study. But first the next sub-chapter starts with the analysis of the HRM practices in the US in the area of recruiting and selection.

8.1 Analysis and Results of the HRM Practices in the Home-Country US

In this section we will outline the HRM practices as applied in the study’s company home-country the US. As just described above we will proceed practice by practice to filter out the standard approach and to assess it against the formulated assumptions. For the US the part of the transfer adaptation will more go in the direction of reverse diffusion effects (Edwards and Ferner 2002) as a local adaptation of home-country practices would be free of sense. Generally spoken the US are seen as a country of applying highly standardized processes (Almond et al. 2005, Tempel et al. 2005) in the home-country and their subsidiaries. We will refer to this formalization/standardization throughout the analysis of the different practices rather than having a general statement here at the beginning.

8.1.1 Recruiting and Selection Practices in the US

As a general rule of practice the recruitment and selection processes can be viewed as standardized for the US market to a high extent. The following examples give an insight to the specific practices applied.

Personality Tests

A widely used practice in “HealthCo” for supporting the recruiting process is the exercise of personality tests. The tests that are in use today are the so called PI (Predictive Index Test) and the PLI (Professional Learning Indicator Test) (US-1; 30_US_US: P14; observation). The PI test refers to a “semantic preference” interrogation. The test’s duration is for about 20 minutes and will come up with a result of likely work behavior of the test taker. The PLI test refers to a more complex test that is conducted in different modules. It shall come up with

results on the cognitive ability of the test taker and how he will fit the job to be occupied. In “HealthCo” US both tests are widely used (US-1; 30_US_US: P14; observation).

The PI test finds its exertion on all hierarchical levels of the company’s US recruiting system. It is used at an early stage of the recruiting and is seen as an efficient tool to support the recruiter in his decision taking and assessment about the candidate. Generally recruiting and selection is a thorough, and rather long and slow process within “HealthCo” (UK-1; 7_UK_Europe: informal exchange; CH-1; observation/document). With the company’s culture of seeing the greatest asset in the company’s employees (“HealthCo” website²⁰) a lot of attention is paid as to who is recruited and will work for the company. Consequently the thoroughness of the recruitment process is applied at all hierarchical levels in the US.

The PLI test is used and required above a certain hierarchical level or for designed positions. For roles being qualified in status as “Director and above” the PLI test is a must-have in the US and international recruiting process. The interview process would not allow for people to have an interview with managers at an executive level before having an assessment with the PLI test (EU-1; observation/document and informal exchange with European Recruiting Manager).

*„Die [Rekrutierungs-]Prozesse, in welche die Amerikaner involviert sind, sind schon einschneidend mit 15-20 Interviews und dem PI-Test [der vorgängig absolviert werden muss].“
(11_German_Europe: P75)*

Interestingly the PI and PLI test have not been launched by the US within „HealthCo“. Both recruiting tools have found application in the UK before being transferred to the US as what can be called an example of “reverse diffusion” (Edwards and Ferner 2002) although not involving one of the three European countries under investigation. Especially the PLI test replaced an old very extensive and laborious test which people internally refer to as the “Voodoo-Test” alluding to the complicated system relatively hard to understand (5_German_Germany: P35; 11_German_Europe: P66).

The above outlined description of the use of the personality tests can be seen as the standard practice applied in the home-country US. Again the thorough process can be traced back to the importance attached to the employees within the company. As we will discuss in the section of the corporate culture the employees being the greatest asset to the company is repeatedly communicated by the CEO of the company (US-2; observation notes, speech of CEO at employee event in Switzerland; US-3; online Interview²¹).

Our analysis does somewhat confirm the practices found in the literature review with psychological tests and psychometric assessments being part of widely used HRM practices in recruitment and selection in US MNCs (Muller 1998, Geary and Roche 2001).

The HRM practice about the use of the personality tests is exported to other countries although the adaptation as we will learn throughout the reminder of chapter 8 “Analysis and Results of the Empirical Study” is relatively high. The driver behind the transfer intention can be summarized as simply an envisaged best practice transfer rooted in the local institutional circumstances in the US. With less information about the candidates available from scratch (as it is also the case in certain European countries as the UK) the use of recruiting tools shall support the company in the choice of their future employees. The US stands for the innovating country in the area of human resource management (Brewster 2007b). To implement industrial psychology instruments falls under a general willingness to share successful instruments worldwide. The one aspect when the general standardization does really dominate the transfer of practices is when a candidate of “Director and above” status is recruited in the European subsidiary countries (CH-1; observation/document). In this case the US dictates the process and the use of the psychological tests. We will learn more about this transfer on the receptive side of the European subsidiaries later in this analysis. But in

²⁰ www.“HealthCo“.com (changed for confidentiality reasons – source in data collected)

²¹ No indications for confidentiality reasons (source in data collection protocol)

summary we can say that worldwide formalization of practices does only selectively and partly take place.

Long recruiting process

The one topic that sticks out in analysing the recruiting practices is doubtlessly the long recruiting process applied. Candidates can face multiple interview partners and a process that stretches over weeks or months. On this interview course each interviewer has a veto right and can stop the candidate from being hired. When we had the chance for a short observation period in the headquarters in the United States a candidate for a local marketing job in the US passed by two human resource managers (29_US_US: P14; 19_US_US). Referring to the long recruiting process the marketing candidate was in one HR managers said:

“One thing that is for sure is that we are not sprinters in terms of recruiting. But we do a good job on the long distances.”
(US-4; 19_US_US: observation; P23)

This is generally reflected as a shared practice as soon as the US is involved in a recruiting process that requests interviews in the States. As we will discuss those long and thorough interview processes are only partly standardized worldwide. The reason behind the special process at “HealthCo” is explained with the unique corporate culture and the need for an absolute fit of the candidate being added to the family by the global talent acquisition responsible (US-5; 19_US_US: P22). The business “HealthCo” is involved in can be copied according to the top management, but what cannot be copied is the people in our business (US-6; Member of Board of Directors: observation). A second argument that is brought up for the long interview processes is that once the candidate is hired he/she has already a good network within the company and can exploit the discussions he/she has had with team members or managers (UK-2: 7_UK_Europe: informal exchange). The same source can be stated from the interview process:

“‘HealthCo’ is definitely not a hire and fire company. We have a great culture in hiring people [with a very thorough approach]. We know it is a long process. But if I had to name one best practice it would be our approach to recruiting.”
(7_UK_Europe: P44)

When assessing our findings against the literature review results we would not find specific support for extra-long recruiting processes. Muller (1998) would hint to well-defined and structured interview processes also a fact that is only partly true for “HealthCo” where along the recruiting processes additional job interviews might be scheduled as the recruiting team feels an additional person should get to know the candidate. The one major intersection for the long interview process with the results from the literature review would be for the long interview course to count for a sophisticated method of recruiting as a candidate has to pass multiple interview tests.

Diversity

Diversity is not exclusively a recruiting and selection topic as it is also about retention and a general HR policy. But with a certain personnel turnover companies underlying diversity rules (whether they are instructed internally or externally) need to outbalance their workforce by bringing the right blend of people into the company. Interestingly for “HealthCo” diversity plays a certain role for recruitment. As the company is a business partner of the US government a state request for employing a certain percentage of different ethnicity, disabled people, and war veterans have to be employed. This certainly impacts the recruiting and selection process within “HealthCo”. The United States Department of Labor “prohibits federal contractors and subcontractors from discriminating against and requires affirmative

action”²² in this respect. So diversity practices in this case are certainly stipulated by the institutional surrounding of the company.

When it comes to a standardization approach for this very topic in HR and efforts to transfer those practices abroad “HealthCo” takes a very passive position (US-7; 30_US_US: P21). The acceptance is there that in other institutional setting in other countries none of such obligations are part of the local rules and therefore no endeavour is shown to transfer this practice abroad.

In the literature review the topic of diversity policies played also a role and with our findings we can confirm the theoretical approach (Gunnigle et al. 2004, Ferner et al. 2005a) elaborated for this dissertation. Although we have to admit that diversity could also be a topic that is internally imposed by a company in the case of “HealthCo” it is a typical macro-level effect of being embedded in a respective institutional setting with specific rules.

Software implementation

An interesting software based tool that has been implemented in the US is called here “Select”. Although “Select” is not purely a recruiting tool but also enables enterprises to manage their talent pools it provides nevertheless support in handling the recruitment and selection processes. For the other aspects in “Select” we will refer to in the respective sub-chapters.

“Select” was mainly introduced in order to efficiently manage several internal processes. Today it is used in recruiting as an application platform for both internal and external candidates (US-8; 30_US_US: P24-25). The driver behind “Select” implementation is described as having a standardized approach in a business that is constantly growing in size and complexity. The system was brought in after negotiating a global licence and was foreseen not only for the US but as well for the European countries to implement it – as we will learn with mixed success. Whereas contract negotiations were conducted on a global level by the US team the subsidiaries had to budget for the system implementation in their respective countries (13_US_Global: P36; 11_German_Europe: P39). The transfer intention of the tool can be described as strong as reflected by the quotation below. Efficiency was only one reason complemented by the fact that the internal job market should have been fostered with a formalized/standardized system there for every employee to use. In the desk research we have done recruiting software was not explicitly mentioned as a typical US practice or tool although it would certainly qualify for what is referred to as “sophisticated recruiting methods” (Wächter et al. 2004).

*„Die USA hatte gesagt, wir wollen ein globales System“.
(11_German_Europe: P39)*

Headcount / hiring freeze / job approval

In this section of analyzing recruiting and selection processes we turn to what can be referred to as moderating impact practices on the recruiting course itself.

The three elements described here are somewhat interrelated when it comes to recruiting and selection. Headcount as a popular measurement instrument can have an influence on a company to impose a hiring freeze for a certain period of time. A job approval process to its turn can serve as a supervising measure to control headcount.

Within “HealthCo” all three practices find application. Headcount as a practice is implemented on a monthly HR and Finance report. The headcount knows also a break down to different cost centers and plays a role in the monthly financial forecast as well as in the budgeting process (CH-2; observation/participation in budget phase in Switzerland). For the investigated case the use of the instrument lies certainly in its monitoring character supporting the financial control of the business.

²² <http://www.dol.gov/dol/topic/discrimination/index.htm>

When talking about hiring freeze we can assert that due to budget restrictions and headcount budgeting and forecasting hiring freezes are enunciated every now and then to make sure the quarterly results are not jeopardized by recruiting processes (CH-3; 24_Swiss_Switzerland: informal exchange). Job approval processes are also standardized worldwide and an agreement is needed at the hierarchical level of regional managers for new positions to be created. Standardized forms are being used with signatures from different responsible managers for the cost center on local and regional levels are required (CH-3; 24_Swiss_Switzerland: informal exchange). Along with the headcount and the hiring freeze practice the job approval process serves as a steering instrument for cost control. In summary those three practices are in place in order to guarantee that cost is under control. With more than 20 different countries where business is done globally the formalization of the process makes sense as only local application would see the effect crackle. Assessed against the findings in the literature review we can state that Wächter et al. 2004 also found headcount to be an instrument in US MNCs. Ferner (2000) also found hiring freezes to have an impact on the recruiting and selection processes.

For the remaining practices that were found in the desk research, namely assessment centers, personal marketing, and candidate screening, no relevant data could be surveyed. In the next section we are going to measure the findings against the assumptions drawn from the initial research questions and the extensive literature research.

Summary

To close this part on the recruiting and selection practices in the home-country US we will evaluate our findings against the formulated research questions and sub-questions with the latter being derived from formulated assumptions from the desk research. Eventually the results are summarized by a recapitulatory look through the framework lens to round up the analysis of the US recruitment and selection practices. This section deals with the following research questions.

- i. What are typical US HRM practices in US MNCs? Under what circumstances and how are those HRM practices influenced?*
- i.a. Are typical US HRM practices more standardized and formalized than HRM practices in Germany, France, and Switzerland?*
- i.c. Are US HRM practices heavily influenced by the surrounding institutional frame?*
- i.e. In how far does the institutional frame influence the HRM practices in US MNCs?*
- ii. What is described as “best HRM practices” in US MNCs and how are they transferred?*

What we can consider to be typical US HRM practices in the area of recruitment and selection are first the wide use of personality tests. These findings are supported by former studies (Muller 1998, Geary and Roche 2001). There are different forms of the test applied but it serves as an evaluation support instrument in the US regardless of the hierarchical level although this aspect can have an influence on the version or form of the test being used. When we refer to personality tests as falling under the category of sophisticated recruiting methods we shall also mention the implementation of the recruiting supportive software. Second, a long and thorough recruiting processes with multiple interviews is a typical practice found within “HealthCo”. For this practice though we have no supporting material from the desk research. The process does not always follow a strictly defined course, something we would have expected to happen with clear structures and a high level of formalization in place. Third, a balanced diversity of the workforce plays a role within “HealthCo” although this practice is company-externally rooted in the institutional surrounding. Workforce diversity as a general topic can be considered typical US according to our findings in the literature review (Gunnigle et al. 2004, Ferner et al. 2005a). Fourth, the

financial bridging instruments of headcount, hiring freeze, and job approval processes are operated in a recruiting and selection moderating form. Those instruments are well known US tools (Wächter et al. 2004, Ferner 2000).

To discuss standardizations we would finally have to wait for the findings in the host-countries to be presented. What we have learnt from the analysis above is that there is a standardized approach towards the use of personality tests and the tests being exercised (introduced by reverse diffusion) appear in a given format such that we can declare this as a formalized approach. As for the long recruiting process in place we cannot claim for an over formalized process being established as the interview course can change along the selection flow. But spoken for the US practice we can say that a long interview process is a standardized approach that is also sort of transferred to the subsidiaries as soon as for the vacant positions US interviewers are required. Given the fact that “HealthCo” is a US government contractor diversity plays a role in recruiting. Thus this process follows a standardized and formalized process. The roll out of the software “Select” was a clearly declared attempt of standardizing the internal and external recruiting process globally. Headcount, hiring freeze, and job application can be evaluated as heavily standardized and formalized in process. Our verdict for now is, that in the home-country US the vast majority of the examined practices are very standardized and formalized although it might be too easy to just assume those characteristics as the example of the recruiting process shows. All in all the picture of a very standardized approach in the US as being displayed by many authors (e.g. Almond et al. 2005).

What sticks out in the area of institutional influences is clearly the fact that as a US government contractor you have to outbalance the diversity of your workforce. In so far the institutional frame of “HealthCo” clearly has an impact on the practices applied. But to put this finding into perspective we have to state that the general impact on recruiting and selection is relatively moderate as no direct institutional impact can be found on the other practices examined. This would then reflect the image of the relative liberal market economy on the bipolar scale by Hall and Soskice (2001).

Described as best practices in our empirical investigation are clearly the use of personality tests in the selection course, the implementation of a recruiting software, and a relatively long process. The clear rules for headcount reporting to be followed by all subsidiaries globally, the from time to time outspoken hiring freezes and the standardized and formalized process of the job creation approval process are all viewed as best HRM practices. The one practice excluded from the list is the diversity approach as no efforts for transferring this practice to other parts of the company abroad could be filtered out.

Using the research framework to conclude this section on recruiting and selection practices in the US we detect that the use of personality tests is somewhat in line with the company’s strategy to guarantee that the vision and cultural heritage of having employees making the difference to the business and giving a competitive advantage are followed. It is difficult to allocate where the long recruiting process comes from but by the look of things we just can assume that reasoning behind the process is that with this best practice in place the same goals as count from the personality tests shall be achieved. When discussing the implementation of the software based recruiting tool this stems from the interplay of the company’s structure and strategy influencing the HRM practices. The diversity practice can clearly be assigned to the institutional embeddedness of the company. For the group of practices enfolding the headcount, the hiring freeze, and the job approval process we would foremost allocate this to the company’s strategy related to delivering financial results at the stock market (contingency factors). Table 8.1 “US HRM practices: recruiting and selection” displays the above discussed findings again in a nutshell. Per practice it describes based on the above presented discussion what the background of the practice is, what strength of transfer intention (not existent, low, moderate, strong, very strong) to subsidiaries abroad

can be detected, whether the results have support from literature findings, and how the research framework classifies the practice.

*Table 8.1: US HRM practices: recruiting and selection
(own compilation)*

Practice	Background of practice	Transfer intention	Literature review support	Framework assessment
Personality tests	Reverse diffusion of form of test	Moderate to strong	In line with literature review (Muller 1998, Geary and Roche 2001)	Strategy – ensure success by competitive advantage of best possible employee fit
Long recruiting process	Rooted in corporate culture	Moderate	No affirming findings in literature	Corporate culture and strategy – ensure success by competitive advantage of best possible employee fit
Workforce diversity	Legal requirement for US government contractors	Not existent	In line with literature review (Gunnigle et al. 2004, Ferner et al. 2005a)	Institutional influence
Software implementation	Standardization approach	Strong	Only related to the general term of “sophisticated” methods	Strategy-Structure interplay influencing the HRM practices
Headcount / hiring freeze / job approval	Financial performance (stock market)	Very strong	In line with literature review (Wächter et al. 2004, Ferner 2000)	Strategy and contingency factors

8.1.2 Training and Development Practices in the US

To bridge over from the recruiting and selection area to the training and development section we start with what is referred to as “diversity training” in the literature (Ferner et al. 2004). For “HealthCo” no such diversity training is specifically set up to the knowledge of the researcher. However what has been set up is a standardized company specific training which is discussed next as the classic example of US development practices. In a second step the company specific training will be embedded in a wider company-own comprehensive development system.

Company specific training

“HealthCo” has set up company specific and rather standardized training courses and offers a broad set of opportunities for potential candidates for new roles or for employees that have

been promoted to new roles. The training with a clear focus on sales and marketing is conducted by both internal and external trainers to guide the courses. Even if the trainings are offered in a very business related area as sales or marketing there is also constant reference to the corporate culture as an important element for the “HealthCo”-way of doing business. Besides sales and marketing also modules as project management is offered (10_German_Europe: P55). The reasons behind the rather extensive company specific training offer might depend from the angle of vision. Where from a German or Swiss perspective we would presume that the absence of a respective institutional surrounding forces the company to heavily engage in the company-internal development of the employees the general driver behind the initiatives is the goal to gain competitive advantage by talent development (EU-2; 9_German_Europe: informal exchange). The intention to transfer the practice towards Europe is relatively moderate with much freedom assigned to the European HR headquarters to deal with the matter (EU-3; 10_German_Europe: informal exchange; EU-2; 9_German_Europe: informal exchange). Interestingly for some of the offered training we could again filter out a reverse diffusion (Edwards and Ferner 2002) effect. The specific general management training that was offered in Europe was housed in the US to be offered in the company’s home market (10_German_Europe: P39). In the desk research we found supporting elements for firm specific, standardized trainings presented by Ferner et al. (2005a) or Muller (1998). When glancing at the proposed framework we can say that we observe an interplay between the company’s strategies to focus on the development of its employees affecting the HRM practices implemented.

Development programs

The above discussed company specific trainings are just a special section in a wider so called organizational development program. Under the title of “Organization Development – Delivering results through leadership and learning” the company has set up a comprehensive development program containing 8 different elements that should lead to successful results by constantly focusing on continued development of the workforce. The 8 elements as alluded to above are the above discussed company specific training, coaching and mentoring, performance management, 360° feedback, succession and talent planning, team building, change management, and leadership development. To symbolize how those organizational development elements contribute to the success of the company the responsible HR team in the US came up with a picture of a tree showing the 8 elements as roots for a flourishing tree crown standing for the company’s success (see figure 8.2 “Organizational development US – symbolized”).



*Figure 8.2: Organizational development US - symbolized
(US-9; Document_US_Germany)*

With figure 8.2 “Organizational development US – symbolized” in place we have also the base for the different HR practices in place in “HealthCo” US. We will subsequently refer to single elements of the tree’s roots hereafter but only concentrating on those where substantial information about the practices were collectable during the interviews and observation period. This is the case the coaching and mentoring, succession and talent planning, and leadership development. We will shortly refer to the performance management and 360° feedback as specific practices that will also be discussed in the section of performance appraisals and employee dialogues in a separate part. What will not be included are team building and change management practices where no substantial data could be found and triangulated in order to include those practices in the study.

The US organizational training and development team came up with the “tree system” at their end with the simple goal to bring success to the company by constantly developing the right skills for people to make the company delivering financially successful figures (US-10; 28_US_US: P12). Interestingly the transfer intention to bring the “tree system” to other places in the world has not been very pronounced. The European team has developed their own organizational development symbol (in form of a wheel, as we will touch upon further below) containing pretty much the same elements as the US-tree. The main difference is that the European “development wheel” focusses more on specific practices whereas the US tree works with broader concepts on the level of the symbol. The difference between the two systems will be analyzed when discussing the transfer outcome in the respective European countries. Important to know here when discussing the transfer from the US towards the European continent is that the European “development wheel” was developed around the year 2004. According to our information the US-tree has only emerged in 2008/2009. The concepts, although similar or nearly identical in content as both have emerged in the same multinational company, were not created in coordination (9_Germany_Europe: P20-21).

„[Die beiden Entwicklungskonzepte den] Baum und den Kreis gibt es in Ko-Existenz. Sie sollten zusammengeführt werden. Das Projekt ist aber eingeschlafen.“

(9_Germany_Europe: P21)

What has been done in the meanwhile was that the European team has integrated the tree as a symbol in the European development wheel (see figure 8.3 “Organizational development Europe – symbolized”). As such we can see some sort of transfer that should more be referred to as collaboration with an interest to standardize the two concepts. On the other hand it shows also that the US and international team within “HealthCo” acknowledges the efforts put in by the European team to develop their own system securing success with a comprehensive development approach.

The implemented systems on both sides of the Atlantic shows clearly the intention to bring the organization forward with dedicated action to constantly improve the employees. Internal promotion to positions can be seen as the preferred action taken by “HealthCo” before external recruiting is considered (US-11; Document/Notes_US_Germany; EU-5; informal exchange with European Recruiting Manager).

In our desk research we could not find a system as comprehensively described as the one we are referring to here. On the other side the components of the system making up for the real practices implemented were discussed in the literature. We will further refer to assessment of our findings against the literature research results at the respective place in the dissertation. Next, we will turn to the system’s (US-tree) components and discuss those practices in the patterned, detailed way.



Figure 8.3: Organizational development Europe – symbolized
(EU-6; Document_EU_Austria)

Coaching and mentoring

The US team for organizational training and development has collaborated with the business leaders to come up with a coaching and mentoring program in which people in leadership positions get support from colleagues in other parts of the business in managing situations and people (CH-4; observation; EU-7; 11_German_Europe: informal exchange). The training is without external coaching or consultancy but is based on best practice sharing from experienced and successful managers in the business towards developing managers. The mentoring/coaching takes place periodically (monthly or quarterly) depending on the topics and issues discussed. The sessions are either held in personal meetings or via phone call in case the mentor/coach is not situated in the same location as the receiving party (CH-4; observation; EU-7; informal exchange).

The practice has been implemented in the US and transferred to Europe in order to bring the business forward with best practice sharing. Again this shows some degree of standardization-driven tendencies and a high degree of fostering teamwork and internal knowledge sharing. Our desk research has not shown any specific practices of internal coaching/mentoring. Therefore we cannot fully assess our findings against the contemporary literature.

Team Development Meetings / succession planning

A development practice that has emerged in the US is the so called team development meeting. In those meetings the different business leaders assess the performances and the potentials of selected candidates together with the candidate's managers and the responsible HR person who owns the process. The tool that was implemented to drive the meetings is the so called 9-grid-box, a two-dimensional matrix that shows how the performance and potential of the evaluated candidates go together. Once the candidates have been assessed action plans are decided together with HR and the direct manager in order to unveil the candidate's full potential and to further develop him/her (US-12; 28_US_US: informal exchange; EU-8; 9_Germany_Europe: document/observation).

The tool and practice shall clearly contribute to the company's success by bringing high-potential employees forward in the business. It is also a tool to keep good employees and high performers in the business as the company takes care of their personnel development. A second aim of the practice is to have a timely succession planning for key positions in the company that risk being vacant due to retirement or promotion. Therefore the candidates to be evaluated depend also from the development of those key positions.

The tool has proven to be successful in the US and there is a clear transfer intention and implementation across the continents with the European business leaders in division C to have implemented the tool on the old continent. Talking a successful tool we have to admit that the success of the tool has only been estimated so far and no clear performance measurement of the tool has been implemented such as the monitoring of the turnover rates of assessed candidates for instance.

When comparing our findings to the desk research we find supportive results for structured succession planning as a typical US practice in the area of training and development (Ferner et al. 2004). As for the personnel development as such no direct link can be made to findings in the literature although the resulted action plans from the so called team development meetings would amongst other initiatives certainly also result in specific training for high potentials, a practice that we found supportive findings in the literature (Fenton-O'Creevy et al. 2008, Quintanilla et al. 2008).

Collaboration in development and training programs with management schools

In the area of training and development activities "HealthCo" seems to be a very engaged company. Since a few years the enterprise has been participating in the development of a managerial leadership program in collaboration with a management school in the US. The program saw several US companies being involved and participating in it. The target group is indicated as being top management. Participation in the program was supported from

highest hierarchical level with the goal to be on a program with other big and representative US companies to further expand good relationship and to foster the focus on the topic of leadership that is supported by other. The participation in the program is being reserved to top management (EU-9; 9_German_Europe: informal exchange; EU-10; 11_German_Europe: informal exchange).

Due to the exclusivity of the program and the limitation of a possible transfer anyhow the intention to have European subsidiaries or even management from the subsidiaries in the program tends to zero. As for our desk research we have not found support for this very specific engagement in training and development. In a wider sense we can quarter this practice in what Ferner (2000) refers to as senior management training. When making use of our research framework to analyze the situation we can state the present example of collaborating with a well-known US management school to set up a top management leadership program can be collated to the institutional frame in which the company is settled. Even though in Whitley's (2000) NBS framework there is no direct reference to collaborating firms when discussing a nation's educational system setup but the example shows the interrelatedness between the company's strategy of being part of a managerial development process in collaboration with other companies in the market. The initiative has also been supported on highest hierarchical level within "HealthCo" and thus from this perspective the necessary resources have been allocated for the company to be part in the program.

Leadership Competency Model

In the previous sub-section we discussed the participation of "HealthCo's" top management in leadership programs. In the area of organizational development access to leadership programs is not exclusively limited to the top management yet other initiatives are in place that aim to develop also managers at lower levels to increase their competencies in this point. The practice referred to here is open to a limited number of managers at different managerial levels to profit from a leadership training program lasting for several days' duration. The program's content has been tailored to "HealthCo's" needs (EU-9; 9_German_Europe: informal exchange; EU-10; 11_German_Europe: informal exchange). It foresees to enhance self-management, credibility, leadership, and management effectiveness of its participants with workshops where external and internal speakers lead through the program. The program is in line with the company's strategy to focus on the development of people and to get them to do the business the "HealthCo" way. Leadership is one of the major topic not only in HR but throughout the company at many occasions as the idea is supported from highest hierarchy that the people within the company make the competitive difference in the market (US-6; Member of Board of Directors: observation).

The intention to transfer the program to Europe is clearly visible with a close collaboration between the US responsible for organizational development and training and its counterpart in the European HR headquarter. Although the transfer of the practice has not reached one of the subsidiaries investigated (roll-out planned in Europe for 2015) it has been presented at the occasion of European-wide HR meetings as a project in pipeline (EU-9; 9_German_Europe: informal exchange; EU-10; 11_German_Europe: informal exchange). Our desk research did not find specific indication of leadership programs to be explicitly transferred from the US to the European subsidiaries as a typical US-home-country-effect. But it might well be included in what is referred to standardized training programs (Ferner et al. 2005a, Muller 1998) with the transfer intention as just described. When assessing the practice against the research framework we can only refer to the element of the HRM-strategy interplay which sees leadership as an emerging topic for "HealthCo" in order to succeed on the market by making a difference to the customers through its people.

Performance Management and Underperformers / 360° Feedback / Anti-corruption training

In this section for the sake of completeness we bundle a series of smaller topics directly or indirectly related to training and development practices in "HealthCo".

Starting with performance management we found that "HealthCo" sends people that are performing under the set expectations to training programs and set action plans for them to

enabling improvement. (US-13; 29_US_US: P25-31; US-14; US-15: observation). The practice itself is more related to actions taken linked to performance appraisals, an area that will be discussed separately further below. The transfer intention of the practice as shortly described here is rather moderate to low as the practice of performance appraisals itself is slightly different in Europe. But we will refer to those differences in the respective part below. What we state at this point in the dissertation though is that in literature so called “underperformers” are sent to training to improve their work (Almond et al. 2005).

360° Feedback is one of 8 specific sections in “HealthCo’s” organizational development system. This tool is either implemented in the yearly appraisal discussions with managers or can be triggered as a separate initiative (US-16; 13_US_Global: informal exchange). The practice itself goes as well more in the direction of performance appraisal rather than training and development, but again in the sense of completeness of the comprehensive “HealthCo” system presented above we quickly refer to it in this place as a practice that triggers initiatives in the area of organizational and personal development. The transfer intention is clearly present with several implementation examples that could be observed in Europe (EU-11; 11_German_Europe: observation; EU-12; 24_Swiss_Switzerland: observation).

Training and Development in “HealthCo” is also closely related in some occasions to corporate culture and/or legal requirements and regulations. In the case of worldwide business standards that are set within “HealthCo” a training that is rolled out every two year as a refresher combines the cultural heritage of doing business in an ethical way and the legal requirements of an American company listed at the stock market²³. Two online trainings are rolled out globally for all employees or those qualifying to take the training by their job or position. Whereas the worldwide business standards training focuses on both external and internal requirements of doing business the so called “anti-corruption” training focuses on the sales and management employees in the business and is based on legal requirements. When it comes to transfer intention we face a clearly standardized and formalized approach by a US multinational where the participation of the training is strongly monitored and followed-up in order to be in line with US regulations. The transfer intention of this practice is thus very high (US-17; document; US-18; document; CH-5; observation/document).

Summary

Again to conclude the analysis and findings in the section of practices we will first assess our results against the below in the box listed formulated questions derived from the assumptions previously formulated before eventually analyzing the situation through the lens of the proposed research framework.

- i. What are typical US HRM practices in US MNCs? Under what circumstances and how are those HRM practices influenced?*
- i.a. Are typical US HRM practices more standardized and formalized than HRM practices in Germany, France, and Switzerland?*
- i.c. Are US HRM practices heavily influenced by the surrounding institutional frame?*
- i.e. In how far does the institutional frame influence the HRM practices in US MNCs?*
- ii. What is described as “best HRM practices” in US MNCs and how are they transferred?*

What we found in our study is that typical US practices in the area of training and development are standardized and company specific trainings for selected employees in key positions or for employees to be promoted. Those trainings are typically embedded in a wider training and development program that is US-wide standardized and forms a comprehensive system to attract and keep talent. In this sense our findings are widely in line with findings in the literature review (Wächter et al. 2004, Ferner et al. 2005a, Muller 1998). Generally we

²³ <https://listingcenter.nasdaq.com/assets/continuedguide.pdf>

perceive the US company as very focusing on bringing forward the employees be it with training actions but also with coaching and mentoring programs to share best practices within the company. What we have learnt is that training actions are not just defined to solve short term problems but they are typically part of a wider view on succession planning and the personnel development of people. Again also in this area the degree of formalization and standardization of tools in the US is very high with clear processes and tools formulated. Even though not necessarily talking exactly the same topics we can say that from a general point of view this is in line with the centralistic approach found by Pulignano (2006). Leadership, although only support from our desk research is found in the sense of a formalistic training approach (Ferner et al. 2005a, Muller 1998), seems to be one of the most pertinent topics in training and development where we found that collaboration with external partners to set up specific training programs are completed by specifically designed leadership competency models where the standards are set and formalized. What we also found to be a typical US pattern is linking training to performance, an aspect supported by existing literature (Almond et al. 2005). Other formalized tools such as clearly defined procedures for 360° feedbacks also contribute to the set of standardized approaches to the topic in the US. Another US-specificity that could be filtered out is the need for ethical business and anti-corruption training for stock-market listed US companies. For both elements no affirming results were found in our desk research though.

The aspect of standardization shall not be approached here in relation to the practices found in the European host-countries – as those are yet to be discussed. But when focusing on the standardization and formalization process of practices within the US-country organization (not considering the transfer to Europe yet) we find those elements to a full extent. What we found were standardized tools in the processes of overall training and development systems and that allow the company to succeed by bringing the employees forward. Although we cannot claim for all tools to be applied as a set standard for everyone within “HealthCo” we can claim that for employees being in the process of training and development the tools are standardized and formalized. The approach towards standardization found in our study is there for supported by existing literature (e.g. Almond et al. 2005, Tempel et al. 2005).

Assessing the institutional impact might depend on the viewer’s perspective. Comparing the US educational system to the systems in place in Europe one could conclude that the HRM practices in the US are heavily influenced by the surrounding institutional frame, namely by the absence of a nation-wide and clear structure for further education. This might lead to a rather extensive company own program to bring the employees forward. Argued from an US point of view the actions in place might more contribute to the attraction and retention of talent by being an attractive employer really caring for the personnel development of its employees.

Where we could clearly find an institutional influence is in the area of anti-corruption and business ethics training with a legal frame building the basis for it. Those effects can nicely be traced back in history as displayed by Chandler (1990).

In summary we can state that the US institutional surrounding does influence the HRM practices in training and development.

Discussing best practices a multi-layer approach is needed. First when it comes to management practices, in the area of training and development those best practices go hand in hand with successfully applied solutions. Those are US-internally transferred e.g. by mentoring or coaching.

Second, general training and development best practices with a high transfer intention were merely found. Where transfer intention is very high there is a legal requirement behind. But for our study we have only little evidence for high transfer intention for best practices in the area of training and development.

Before concluding this sub-chapter on training and development practices in the home-country of “HealthCo” with a summarizing table we will again look at the findings from the research framework perspective and how the different practices come into play with the institutional and micro-political backgrounds present.

First, the company specific training shall contribute to the competitive advantage of “HealthCo” in the market by making sure the best people are attracted by or retained in the company. As such we can qualify the practice emerging from the company’s strategy in a connection with the human resource management. As shortly touched upon above one could also conclude that in the absence of a similar educational system as can be found in European countries the US company has to deal with the organizational development on its own and thus the practice is externally influenced by the institutional surrounding. The very same arguments can be brought up for the comprehensive development program that is in place as a whole and the related elements of coaching and mentoring series, and team development meetings used for personnel development programs or succession planning. We would also claim for the company’s structure to have an impact on these practices in place.

Another practice related to the institutional surrounding is the collaboration in development and training programs with external management schools. Again this seems a necessity to ensure the right training programs are in place in the absence of other educational systems as in Europe. Thus institutional embeddedness impacts the company’s human resource management.

The practice of the leadership competency model is inner-company related and can be attributed to the HRM decisions and agency power of with micro-political decisions affecting the use of resources for such programs for example.

When it comes to performance management related training and development actions and the 360° feedback again we can hardly find any direct relation to institutional circumstances and relate this to HRM and agency power.

Eventually the existence of the anti-corruption training is again closely related to the institutional surroundings with legal requirements for US stock market listed companies to ensure its employees are trained on this very aspect.²⁴

To close this sub-chapter table 8.2 “US HRM practices: training and development” summarizes our findings presented above in short.

²⁴ <https://listingcenter.nasdaq.com/assets/continuedguide.pdf>

*Table 8.2: US HRM practices: training and development
(own compilation)*

Practice	Background of practice	Transfer intention	Literature review support	Framework assessment
Company specific training	Institutional absence of other training and development systems; examples of reverse diffusion	Moderate to weak	In line with literature (Ferner et al. 2005a, Muller 1998)	Company's strategy and HRM decision in combination with institutional features
Development programs	Talent acquisition and retention; competitive advantage; absence of other institutional feature	Weak to moderate	In the sense of standardized training programs (Ferner et al. 2005a, Muller 1998)	Company's structure and strategy in combination with institutional features
Coaching and Mentoring	Talent acquisition and retention; competitive advantage; absence of other institutional feature	Weak to moderate	No affirming findings in literature	Company's strategy in relation with HRM and micro-political decision
Team Development Meetings & Succession Planning	Talent acquisition and retention; competitive advantage; absence of other institutional feature	Moderate to strong	In line for succession planning (Ferner et al. 2004, Fenton-O'Creevy et al. 2008, Quintanilla et al. 2008)	Company's structure in combination with institutional features
Collaboration w/ management schools	Fostering leadership and management skills for competitive advantage	Weak	In the sense of senior management training (Ferner (2000)	Company's strategy in relation with HRM and micro-political decision
Leadership competency model	Fostering leadership and management skills for competitive advantage	Weak to moderate	In the sense of standardized training programs (Ferner et al. 2005a, Muller 1998)	Company's strategy in relation with HRM and micro-political decision
Performance management training	Support for low performing employees; increasing performance	Very weak	In line (Almond et al. 2005)	HRM decision on practice
360° Feedback	Assessment tool to develop employees	Moderate	No affirming findings in literature	HRM decision on practice

Practice	Background of practice	Transfer intention	Literature review support	Framework assessment
Anti-corruption training	Legal requirement	Very strong (legal requirement)	No affirming findings in literature – explained by Chandler (1990)	Institutional feature impacts HRM practice

8.1.3 Compensation and Benefits Practices in the US

In this sub-chapter we will discuss the third of the 5 bigger HRM categories named in sub-chapter 6.5.1 “Selection of HRM Areas to be Investigated in the Present Research Project”. Again we will approach the section practice by practice with a description followed by the reasoning why the practice is applied as such, followed by a look at the transfer intention before closing with a comparison to the findings of our desk research. Eventually we will assess all compensation and benefits practices with our proposed research framework. We start this specific HRM area of compensation and benefits with the section called “individualized pay”.

Individualized pay

What we can clearly state is that in “HealthCo” in the US (but also in the host-countries investigated as we will refer to later on) there is no collective salary/pay agreement in place (US-19; 14_US_Global; informal exchange; US-20; 13_US_Global; informal exchange). We find ourselves face to a typical system of individualized pay and an absence of collective agreements with parties such as unions or others. This is a system that is labelled to be typical American and that even culturalists as Hofstede (2001) would see as typical US traits in their approach with the country scoring high on the individualism dimension.

Although it has been explicitly asked why no collective agreements were in place the interviewees could not state a specific reason or set of reasons behind the practices in place. It is more described as a general approach preferred by the company to follow the individual pay system and to get the individual person the possibility to develop himself/herself (US-19; 14_US_Global; informal exchange; US-20; 13_US_Global; informal exchange). We will touch upon this topic also when we will discuss the absence of collective agreements later on. In the case of “HealthCo” we would for now need to classify the practice in place as being sort of externally induced by a blend of culture, institution and company’s strategy as to name the reason why the system is operated as it is.

The transfer intention of having an individualized pay system seems to be there by the absence of collective agreements in the investigated host-countries although we have to state that no such intention has been outspoken at any occasion towards the investigator and no documentation that would point in this direction has been found. Only one finding we will discuss in the case of the Swiss subsidiary in “HealthCo” would indicate the importance to export the individualized pay system (also related to performance related pay) to Europe. We can say that with our findings we are clearly in line with the expectations from what we have learnt from the desk research with several authors as Wächter et al. (2004), Colling and Clark (2002), Fenton-O’Creedy et al. (2008) coming up with the same findings as ours in previous studies.

When using the proposed research frame work for analyzing the outcome we have to say that the interplay of institutional and cultural surroundings together with the company’s structure and strategy most probably lead to the HRM practice in place. No other specific evidence could be filtered out that would propose a particular other root for the practice in place.

Compensation system and strategy

When investigating “HealthCo’s” salary system and strategy in the US certain patterns of the applied practices could be filtered out. The company’s strategy is to pay salaries on the market median. More precisely the company puts out the rule that with around 3 years of an expected performance on the job an employee would be paid on the market median (EU-13; document). In order to be able to compare the different positions and salaries across borders and to make sure there are not too many differences between subsidiaries within one country or differences between similar jobs in different countries a project has been launched in “HealthCo” recently in order to have position classifications and salary bands that would allow for comparison (US-21; document; US-22; document). We have to state that at this point in time when this dissertation was written no further findings on this project process were available. But the project in the pipeline shows the intentions. A tool used for comparing salaries and making sure “HealthCo” follows the compensation and benefits guidelines is the participation in so called compensation surveys (US-23; document). “HealthCo” has a contract with two bigger players on the market that are doing international and cross-market surveys. All of the investigated countries in this study do participate in those surveys (EU-14; 10_German_Europe; informal exchange and observation) whereas the initiative is clearly centrally triggered and monitored.

Further the company’s compensation strategy foresees merit salary increases (US-14; 29_US_US: P33). Salary is bound to performance measurement and we will refer to this very aspect in the next section. But as it makes up for part of the compensation system it shall be quickly set in here as a teaser.

The company’s compensation system and strategy cannot be explained by one or two specific reasons. Again it has to be traced back to a certain market surrounding, US-conventions, and internal strategic decisions on how to act best on the job market and how “HealthCo” wants to appear as an employer with its HRM practices in place. No further specific root for the practices in place could be filtered out from interviews and other sources. Interviewees did only refer to the belief that good performance needs to be linked to respective compensation for a job being done without referring more specifically to reasons behind this mind set.

As for the transfer intention of the compensation system and strategy in place we can label it as strong as we will find out in the reminder of the dissertation that the different patterns of the system described here have been constantly transferred overseas in order to have a globally harmonized system in place.

When we compare our findings to the literature review further above we can say that we are fully in line with many aspects found to be typical US HRM practices in this area of compensation and benefits. The desk research shows support for company own systems in place (Cooke and Huang 2011, Almond et al. 2005), paying at the market average (Gunnigle et al. 2004, Quintanilla et al. 2004), merit pay increase (Almond et al. 2005, Pulignano 2006), and salary bands (Cooke and Huang 2011).

Again, through the lens of our proposed research framework we find that the interplay of the surrounding market and institutional setting with the company’s strategy and structure leads to the practices as described above without any crystal clear statements of interviewees and documents found showing any specific reasons. The assumptions taken here are based on the fact that none of our interviewees could comment on any specific reasoning behind the practices in place. We could therefore also refer to what DiMaggio and Powell (1993) called “competitive isomorphic pressure”.

Performance related and variable pay

Salary and compensation are clearly related to performance in the US. Salary is divided into a fixed and a variable part, although no strictly defined ratio between the two is applied. The fixed part of the salary is subject to merit pay increase which means that good performers will get their part of the budgeted pay increase in percent whereas low performers might come out with no increase (US-14; 29_US_US: P33).

For the variable part the US compensation system knows two different schemes for people to be participating in it if they are qualified for a variable salary at all. “HealthCo” differentiates between the so called “Management by Objectives” (MBO) program and the “Personal Incentive Plan” (PIP) program. For both standardized procedures and forms are implemented and it is clearly defined that only employees with a status of director and above will be assigned on the PIP plan and employees below the director status will undergo the MBO procedure. The MBO compared to the PIP emphasizes more on qualitative goals (75% - 85% of the financial incentive) with the quantitative part only making up for 15% to 25% of the financial incentive. The MBO quantitative goals will only refer to the local market which is a more narrow approach compared to the PIP system where the quantitative part might fill a part as high as 35% of the incentives to reach (including company-wide, global goals) with a qualitative part being as small as 65% of the total targets. For both the MBO and the PIP system the split between quantitative and qualitative parts depends on whether the role is in sales or marketing or in the shared service area with the latter having a higher qualitative part (US-24; document; US-25; document). Another system that falls in the category of the variable compensation system is called “Long Term Incentive Plan” (LTIP). Generally spoken only employees with a status of director and above are qualified for a participation in this LTIP program but eventually it is a LTIP-committee in the US that decides on the participation in the program. The LTIP system assigns directors and above employees on a company-share system that only pays off after a period of approximately 3 years. The program is directly linked to the “HealthCo’s” stock market performance (US-26; document). There is a clear standardization approach toward the use of performance related pay and the transfer intention is very strong with strictly defined yearly schedules for the process to have the MBO and PIP systems finalized. There is a US team monitoring the global process with support of the European HR team for the host-countries involved in this study (US-26; document).

Although in the past there was some resistance in the countries as we will learn during the analysis of the host-country practices the standardization and formalization process is clearly pronounced:

“The main point will be the acceptance [of the global practices] in the [local] business. Take for instance relating pay and compensation to performance. This is a delicate subject where not all businesses are at the same stage. But from a corporate point of view with the models we envisage to implement and to have all businesses on the same page we consider it unfair to only have half of the group to be compensated related to performance and the other half will get away without a performance delivered.”

(8_UK_International: P15)

The reason behind the transfer intention is clearly expressed by the quote here above. “HealthCo” seeks to reward good performance with a respective financial recognition and as a US stock market listed company strives for good financial performances through excellent employee performances.

When assessing the performance related and variable pay section against literature findings in our desk research we find a match to a very high degree with several authors (Wächter et al. 2004, Almond et al. 2005, Pulignano 2006) describing the same results we came up with in our study.

Applying our research framework we faced again some difficulties to get a very clear view on why the practices are implemented as they are. What we can analyse is the clear influence of the organization being listed at the stock market. We therefore claim that the interplay between the institutional surrounding and the company’s strategy shape the HRM practices applied.

Health care programs

For the sake of completeness we quickly refer here to a finding in literature review that brings up a special HRM practice in the area of compensation and benefits. According to our desk research (Cooke and Huang 2011) US companies would also typically offer special health care programs to their employees. With “HealthCo” being active in the health care domain the company would be predestinated to offer such benefits to their employees. Nevertheless we would not find supportive results in this very area of employee benefits in the company investigated.

Summary

To conclude this section we will again confront our findings with the research questions previously formulated. The grey box below shows the relevant questions for this part.

- i. What are typical US HRM practices in US MNCs? Under what circumstances and how are those HRM practices influenced?*
- i.a. Are typical US HRM practices more standardized and formalized than HRM practices in Germany, France, and Switzerland?*
- i.c. Are US HRM practices heavily influenced by the surrounding institutional frame?*
- i.e. In how far does the institutional frame influence the HRM practices in US MNCs?*
- ii. What is described as “best HRM practices” in US MNCs and how are they transferred?*

In the field of compensation and benefits we can state that when it comes to typical US practices our findings are fully aligned with findings in the literature research. We find compensation and benefits practices that are highly standardized and formalized and very much related to performance of the employees. Those findings are shared by Gunnigle et al. (2004), Quintanilla et al. (2004), and Wächter et al. (2004) only to name a few. The systems of performance management is heavily interrelated to the compensation department and the typical character of “individualism” is brought into limelight – as shown in literature by Pulignano (2006) for instance. Comparison between different jobs with a classifying system is important as is individualized pay. Related to the latter we find complete absence of collective agreements. The practices seem very much influenced by the institutional surroundings be it the stock market environment or the competitive field surrounding the company. All those aspects are in line with Wächter et al. (2004) for example.

Again we are reluctant to state at this point in the dissertation whether the US is more standardized and formalized than the host-country in the appliance of the compensation and benefits practices. What we can say though is that the practices we found in this very HRM area in the US are standardized and formalized to a very high extent with thoroughly formulated processes and globally predefined forms and practices implemented – just as expected by former works as for example by Cooke and Huang (2011).

It is both difficult to find and difficult to deny the institutional influence on the compensation and benefits practices of “HealthCo”. On the one hand the stock market listed company is certainly under some institutional influence that is reflected by the performance related pay and there is certainly an influence that can be filtered out on the absence of collective agreements. But the practices as they are implemented are also a product of the interplay between the company’s surrounding circumstances and the company’s strategy. All in all we can only claim for a moderate institutional influence in this very area. In this sense we are in line with former studies (e.g. Fenton-O’Creedy et al. 2008).

Best practices in compensation and benefits in „HealthCo“ are certainly individualized approaches to pay, absence of collective agreements, and performance related and variable pay systems. The transfer abroad takes place by much formalized approaches to the topic and a specialized HR compensation and benefits team in the US and the European human resources HQ. Processes are very well defined and monitored by the US and European HQ with frequently conference calls and email follow up (EU-13; document). Again we find support in former studies for this (Fenton-O’Creedy et al. 2008).

Before summarizing this sub-chapter with a concluding table we want again to assess the findings with a look through our proposed research framework. We have to make clear at this point that no clear and direct link can be established based on interview quotes or other findings in the research but instead we need to make an assumption for the drivers behind the practices. First, for the section of the individualized pay system the intuitive reaction would be to link the practice to the culturalist finding of high US scores in “individualism” (Hofstede 2001). The practice might also be traced back on some sort of contingency factors namely the competitive surrounding in the market “HealthCo” is active in where individualized pay is a best practice applied. We would find some support for this when comparing our findings to the desk research. Eventually the practice is a decision taken by the company and can also be simply rooted in the company’s structure and strategy. We believe that an interaction of the mentioned factors would eventually lead to the practice in place. Second, for the compensation system and strategy in place we face the same issue of not having a clear statement directly pointing to some specific reasons. Again we claim that an interplay between the market surrounding (contingency factors) and the company’s strategy lead to the practice in place. We assume that finally some “competitive isomorphic pressure” (DiMaggio and Powell 1993) would lead to the appliance of such practices. Third, the very same argument is brought up by the researcher for the practice of performance related and variable pay. Additionally the performance pressure from the stock market on the company might be broken down by the company on the level of the individual employees and as such the institutional surrounding (financial system) might be an influencing factor here. If this argument is evaluated being valid it would also count for the individualized pay system analysed here above in a wider sense.

Although former studies did not attach much weight to the influence of contingency factors the absence of other clear indications for roots of the practice would lead to the assumption that it might nevertheless have some influence. Table 8.3 “US HRM practices: compensation and benefits” will summarize our findings in a nutshell.

*Table 8.3: US HRM practices: compensation and benefits
(own compilation)*

Practice	Background of practice	Transfer intention	Literature review support	Framework assessment
Individualized pay	Absence of collective agreement	Assumed to be strong	Fully in line with literature (Hofstede 2001, Wächter et al. 2004, Colling and Clark 2002, Fenton-O’Creedy et al. 2008)	Cultural impact, competitive surrounding (best practices), contingency factors, strategy
Compensation system and strategy	US standard practices / US conventions; company strategy	Strong to very strong	Fully in line with the exception of not necessarily paying above the sectorial average	Contingency factors and company strategy

Practice	Background of practice	Transfer intention	Literature review support	Framework assessment
			(Cooke and Huang 2011, Almond et al. 2005, Gunnigle et al. 2004, Quintanilla et al. 2004, Pulignano 2006, Cooke and Huang 2011)	
Performance related and variable pay	US standard practices / US conventions; company strategy	Strong to very strong	Fully in line (Wächter et al. 2004, Almond et al. 2005, Pulignano 2006)	Institutional impact, contingency factors
Health care programs	n/a	n/a	No findings in our research to support literature review results.	n/a

8.1.4 Instruments of Corporate Culture in the US

In this sub-chapter we will focus on the instruments of corporate culture in place in “HealthCo”. Although culture as a concept is difficult to capture at times our research showed that there are some instruments and practices in place that put corporate culture somewhat at the top of the most important topics within the company along with financial performance and leadership. We start our excursion with a look at the corporate values and mission statements.

Values and mission statements (including employee survey)

We start this section with “HealthCo’s” mission statement that is of course publicly accessible (US-27; website²⁵; EU-15; document; US-28; document). For confidentiality reasons we will not quote parts but rather depict the text in different fragments. The mission statement of course expresses the company’s goal for providing high quality health care products and services to the customers. It also emphasizes the importance of innovation to be constantly strived for. The company wants to act as the customers’ partner in consulting and advising them to help to provide in their turn the best possible service to their customers. Of course the mission statement figures as a general guiding light for the company that indicates the rough direction of activities. In this aspect we would also mention here the publication of a corporate charter that outlines the company’s most important groups to focus on which are customers, shareholders, employees, suppliers, and society in general (US-27; website²⁶). At this stage we have to state that during presentations the senior management often refers to the mission statement when presenting to different teams in the home-country and host-countries (EU-15; document; EU-16; document; EU-17; document). It goes without mentioning that the mission statement has a global validity for the company and therefor the transfer intention of it has to be rated very strong. It is transferred by publication on the website and as we referred to above through constantly communicating it during presentations and in HR documentation. We find fully matching information in our desk research when it comes to mission statement in US MNCs (Gunnigle et al. 2004). The roots

²⁵ www.“HealthCo“.com (changed for confidentiality reasons – source in data collected)

²⁶ www.“HealthCo“.com (changed for confidentiality reasons – source in data collected)

of the mission statement can be clearly attached to the company's strategy as it serves as an overall guidance for the company in its activities.

Turning now to "HealthCo's" values we need again to stress that we are not in the position to quote the values here for confidentiality reasons but we will again depict the values in generally formulated fragments. Compared to other US companies the values "HealthCo" has in place have a lot in common. A fact that leads to the assumption that the impact on the values has to be rooted in both the US cultural heritage and the institutional surroundings. As it is the case for the mission statement the outspoken corporate values serve as a guiding instrument and practice for the company to follow in executing its business and public action and are globally valuable which includes a very strong transfer intent. The main values of "HealthCo" enfold elements as "equality", "respect for people", and "no politics" for values that seek an impeccable behavior of the company and its employees towards people and the environment (US-28; document). Other values such as "creativity" and "togetherness" shall foster the team spirit within "HealthCo" and unveil the best of its employees. Values around the topic of "communication" shall point to the exchange of the company with its employees but also with the public and the company's stakeholders. All in all we can summarize that the values applicable in "HealthCo" are values that can be found in many other US multinational companies although the blend of values might differ. The communication of the values is being realized in different ways. Value brochures are handed out to each "HealthCo"-employee when entering the company. Each employee has then to sign a confirmation that he/she received and understood the values and that as an employee they will live up to the respective expectations (US-30; document). But the values and culture are also constantly communicated during presentations as referred to above.

"Culture is always a topic in [the CEO's] speeches. I would say it is a consistent messaging. You need to do this in order to fully implement it within all branches of the company."

(13_US_Global: P26)

"It is about constantly messaging the history and values of the company."

(14_US_Global: P28)

Again we find strong support for our findings in the results of our desk research (e.g. Gunnigle et al. 2004). The importance of the company's values and culture and how this is lived within the senior management and why it is constantly communicated can be summarized in the following statements of two European (senior) managers:

"Corporate Culture is essential. I would even say that at senior level it can you get fired. At senior level you get exposed to the company culture on a regular basis. And your approach to it is exposed and challenged by other seniors in the company. It is really all about this [HealthCo] culture."

(7_UK_Europe: P41)

„Gerade die [HealthCo] Values sind für das [Management] Board sehr wichtig. Führungskräfte, die sich nicht an diese [Values] halten, müssen mit Zurechtweisungen rechnen. “

(10_German_Europe: P68)

Another aspect that shows the importance of the company's culture and how much the company cares about the cultural feeling and integration of the employees is an employee survey that is run every 2 years and that measures the perception of the employees of the corporate culture and its different elements. Shortly explained the survey measures four different cultural dimensions (beliefs, people, practices, and processes) with 19 different

cultural elements making up for those four dimensions. An anonymous online survey is launched for all employees to participate in it during a survey window of about three to four weeks. Different statements about the 19 cultural elements are submitted to the “HealthConians” for them to express their agreement on a 5 point Likert scale with the option to abstain from a valuation. So the system foresees to evaluate the corporate culture by confronting the employees to more than 70 statements to be evaluated. Additionally the employees have some space available to write comments in their own words to complete their cultural evaluation.



*Figure 8.4: Corporate culture employee survey
(CH-6; document)*

The survey results are then analyzed in the US and sent to the respective markets where action plans are established according to the feedback from the employees. Those action plans are then tracked in the US for all markets globally (US-27; document; CH-07; document).

The roots of this HR practice is clearly in the intention to have a strong company culture that differentiates “HealthCo” from its competitors in order to gain competitive advantage in a market that sees relatively low entry barriers (US-27; website²⁷; EU-15; document; US-28; document). The transfer intention of the tool is very strong with all markets having to participate in the surveys and a US-based centrally monitoring in place. The analysis through the lens of our proposed research framework shows that the practice is heavily influenced by the company’s strategy based on some contingency factors (market with low entry barriers). We next turn to the specific cultural HR tool of the “code of conduct”.

²⁷ www.“HealthCo“.com (changed for confidentiality reasons – source in data collected)

Code of conduct

„HealthCo“ has different practices in place around the tool of the code of conduct. First, the code of conduct has an element called the booklet of values that was referred to here above in the previous section (US-28; document). Second, „HealthCo“ further has a booklet summarizing the global business standards of the company that, alongside the corporate values, requires a reception confirmation to be signed by all employees when starting the engagement in the company (US-28; document). The code of conduct addresses in fact the elements of the corporate charter that we also shortly referred to in the previous section. Namely the behavior and conduct of „HealthCo“ employees towards customers, market, shareholder, society, and other employees are approached in this code. It is distributed in form of a booklet at the beginning of a professional engagement and an online training for all employees world-wide is required in a frequency of every 2 years (US-28; document). The participation of each of the employees globally is tracked by a central team in the US. Third, in addition to the general code of conduct training people in positions with customer focus, sales or other relations to third parties undergo an extra online „anti-corruption“ training (US-29; document). This online-based training is also repeated every two years and centrally tracked by the US.

Fourth, people in key positions and having family members also working for „HealthCo“ need to sign off a conflict of interest statement where they confirm that they are not influenced or distracted in their daily work by any circumstances that would impact their professional action.

The reason for why these practices are in place are two-fold. On the one hand side the strong company culture would most probably lead to a company-own code of conduct anyway. On the other hand side with „HealthCo“ being a stock market listed US company US regulations request.²⁸ The latter argument puts also forward the reason for a very strong transfer intent as all employees globally need to be trained on the business standards by request of the NASDAQ principles and guidelines. When comparing our results to the literature review we can again state that we are fully in line with reports from other findings as table 8.4 „US HRM practices: elements of corporate culture“ indicates. As usual at this point of the practice analysis we assess the findings with the help of our proposed research framework. As the discussion above proposes the practices are strongly influenced by the search for competitive advantage and therefore the company's strategy impacts the HRM practices. Further the institutional frame in form of the financial system and the stock market regulation requests the existence of certain codes of conduct and respective training. We will as a next topic approach the element of community service and employee involvement.

Community service and employee involvement

Another set of corporate culture initiatives are the activities around employee involvement and community service actions. We start our description with the latter.

„HealthCo“ has a recorded history in engaging in community service initiatives. Again for confidentiality reasons we would anonymize the initiatives and only go as far as there could not be any inference be made to the company. „HealthCo“ is very engaged in the corporate social responsibility area and started even to publish yearly reports on the different initiatives. Some key figures shall be mentioned here on the overall engagement and for 2014 specifically in order to show the scale of the initiatives. „HealthCo“ has donated health care products with a value of totally USD 50 million since the start of their donation activity. More than 300'000 people received help by outreached help kits donated by „HealthCo“ in more than 50 countries. In his US distribution centers energy consumption was reduced by more than 25% to protect the environment. More than 52'000 kids in the US profited from several initiatives over the years of donating and service providing. Specifically in 2014 a value of more than USD 11 million in products and cash has was donated. For the Ebola crisis the

²⁸ <https://listingcenter.nasdaq.com/assets/continuedguide.pdf>

company donated alone personal protective equipment valued approximately USD 1 million. Those key figures show the sense and scale of the initiatives (US-31; document).

Turning to employee involvement “HealthCo” has also many initiatives in place globally where employees can engage in corporate social responsibility initiatives. To cite examples we use two initiative here as representative cases for the US where “HealthCo” employees would engage in a wider program for providing health care services for free to not well situated citizens or in a program to hand out food to homeless people in the US amongst many more initiatives (US-31; document).

In the sense of employee involvement the different “HealthCo” subsidiaries organize site events for people to have fun at the work place and allowing them to dress up for the motto of those theme days such as Easter parties, summer parties or sports days (US-31; document). For some of those parties the employees are also allowed to invite their families. Other engagement of “HealthCo” in the employee involvement is also the yearly run safety and security day where people would have workshops to different topics helping them to have a safer live at work or a healthier life in general. Further to this regular health care bulletins are translated in all necessary languages world-wide and are sent out to employees to increase awareness for certain health topics such as skin cancer or just to increase knowledge about certain topics (US-32; document).

All those initiatives and many more CSR actions are collected globally and integrated in a company magazine that is then also translated into all “HealthCo” languages globally. Together with other practices as described in the section of compensation and benefits and others we would with those initiatives described here classify “HealthCo” as a typical US welfare capitalism company in the sense of Jacoby (1997).

Turning as to why those initiatives and practices are in place we could clearly state that the strategic direction of “HealthCo” also reflected by the company’s named focus groups in its corporate charter sets the pace. With our insights of how national culture can impact the way of doing business and also of how the acceptance in a certain country for certain business models is given a specific institutional setting such as financial markets in place we can clearly see an impact also from this side on the HRM practices in place. The transfer intention of the practices to other countries is clearly visible and present also with a US team to follow up on initiatives and track the company’s actions world-wide (US-33; 15/16_US_US: P24/observation; US-34; document). In literature we would find support for our results when it comes to HRM practices and initiatives around community service and employee involvement (Colling and Clark 2002, Wächter et al. 2004, Jacoby 1997). Again when looking through the lens of our proposed research framework the interplay of the company’s strategic focus groups in the corporate charter together with the national cultural heritage and the institutional surrounding of a NASDAQ-quoted company makes up for a blend to influence the HRM practices in place for this section.

Workforce diversity

Workforce diversity broaches the issue of a topic that has shown some importance during our desk research (Ferner et al. 2004, Quintanilla et al. 2004). Within “HealthCo” workforce diversity gains some importance as companies doing business with the US government are held responsible to engage in some workforce diversity programs. This approach has already been discussed in one of the previous sub-chapters (8.1.1. “Recruiting and Selection Practices in the US”) and we refer to this discussion rather than repeating the facts. Important to know here is that the transfer intention for workforce diversity can be qualified as not being existent. Through the lens of the proposed research framework we can here clearly read the impact of the institutional setting in the US being the driver behind the HRM practice.

Other aspects of corporate culture

In this section we will discuss some smaller aspects of corporate culture that also made the way through the literature review on our radar when having analyzed the US home-country practices. For completeness we will approach those practices here as we could find some supporting results in our study as well. What we found in our investigation is a high degree

of individualism within the culture, expressed through different practices in place. Again we refer here to the section above rather than being redundant in information giving. But as individualism makes up for a special cultural trait we include it here for completeness. Another finding are what can be described as flat hierarchies and related to it a company-wide open door policy that would not separate the senior management in long distances from the blue collar workers that is rooted in the speed of growing the organization (US-35; 13_US_US: informal exchange). In literature we find support for those two cultural characteristics of the organization (Wächter et al. 2004, Geary and Roche 2001) and we would trace it back to the company's strategy and organization of course when assessing the practice against our proposed research model.

One finding in our desk research could not be supported by the present study, which is the use of expats to spread the company's culture. In "HealthCo" the use of expats is rather underdeveloped.

"We have no US expats to go to Europe to run a [local business]. We do not want to copy the US and paste it in Europe. We need a certain flexibility. Expats are absolutely ok. Maybe we should generally mix more around [...]"

(13_US_Global: P14)

Summary

We would like to close the practices of corporate culture of course with giving answers to the research questions derived from our assumptions rooted in the desk research and with the view through the lens of our proposed research framework complemented by the summarizing table 8.4 "US HRM practices: elements of corporate culture". Introducing this part with a quote from "HealthCo's" CEO on the corporate culture:

"We are not necessarily experts in all phases of the business, but what each of us does have is a complete understanding of our culture."

(CEO "HealthCo" – EU-15; document)

This section looks at the research questions in the grey box here below:

- i. What are typical US HRM practices in US MNCs? Under what circumstances and how are those HRM practices influenced?*
 - i.a. Are typical US HRM practices more standardized and formalized than HRM practices in Germany, France, and Switzerland?*
 - i.c. Are US HRM practices heavily influenced by the surrounding institutional frame?*
 - i.e. In how far does the institutional frame influence the HRM practices in US MNCs?*
- ii. What is described as "best HRM practices" in US MNCs and how are they transferred?*

In the area of corporate culture we find a very high degree of standardized programs, initiatives, and practices applied. Starting with the corporate values which are constantly communicated and where a global spread with a very strict and clear transfer intention is present. This very aspect of values and culture has a strategic aspect and is influenced by the cultural and institutional surrounding of the company. Further a world-wide applied code of conduct is implemented with the need for employees to sign it in order to prove the reception and understanding of the tool. This practice is rooted on the one hand in the regulative needs (institutions) of a NASDAQ listed company and also in the strong company culture seeking for competitive advantage in a market with low entry barriers. It is the same for the initiatives around community service and employee involvement where a strong corporate culture shall be projected to the public and create a competitive advantage against the other players on the market with a nice employer branding attracting employees,

customers and communicate a good company image towards the public. A legal requirement for companies realizing business with the government is to take initiatives when it comes to workforce diversity. The US although has no transfer intention for those practices. We claim for these practices to be so called typical US practices or best practices in US MNCs as those findings are supported by results found in the literature review (Gunnigle et al. 2004, Barmeyer and Davoine 2011, Colling and Clark 2002, and more).

Again, as we cannot anticipate the results in the host-countries Germany, France, and Switzerland we only concentrate here on the standardization and formalization degree found in the practices present in the US. What we found for sure is that HRM practices around corporate culture show a very high standardization and formalization degree. This might be rooted in legal requirements as it is the case for the code of conduct but also that in the results we found in our investigation and in the desk research corporate culture is a strategic instrument to gain competitive advantage and strategy is a company's universal guidance. Therefore a very high degree of standardization and formalization is present. Support in literature can easily be found for this (see e.g. Wächter et al. 2004).

As we discussed in this sub-chapter above the institutional influence even on the cultural HRM practices is clearly present. Be it the legal system for diversity management in the workforce or the institutional financial system exerting an influence on the way the business has to be done and how competitive advantage has to be sought respecting the stock market requirements for example. Support can be gained from existing literature (see e.g. Jacoby 1997).

In the area of corporate culture we would describe as best practice what is closely related to realize business in an ethical way that includes social engagement. For the typical US welfare company as "HealthCo" presents employee involvement and CSR build an important ground for the business strategy. Overall globally valuable rules are applied and need to be respected in a mindset of strong belief in the competitive advantage and employer image projection to the public, the job market and the business market. All in all every aspect discussed and all the practices listed in the table 8.4 "US HRM practices: elements of corporate culture" make up for best practices as the findings are supported by the literature review done previously (Colling and Clark 2002, Geary and Roche 2001, Gunnigle et al. 2004).

*Table 8.4: US HRM practices: elements of corporate culture
(own compilation)*

Practice	Background of practice	Transfer intention	Literature review support	Framework assessment
Values and mission statements (incl. employee survey)	Strategic guiding tools and practices for the company to follow in its actions; gaining competitive advantage in a market with low entry barriers	Very strong	Fully in line with literature findings (Gunnigle et al. 2004, Quintanilla et al. 2004, Muller 1998)	Company's strategy (mission statement); cultural and institutional surrounding (values);
Code of conduct	Stock market requirements and strong company culture seeking for competitive advantage	Very strong	Fully in line with literature findings (Barmeyer and Davoine 2011, Ferner et al. 2004, Colling and Clark 2002, Geary and Roche 2001, Gunnigle et al. 2004)	Institutional surrounding (financial system – stock market); strategic influence on HRM practices
Community service and employee involvement	Cultural heritage blended with a clearly stated focus on certain groups in the company's corporate charter; typical example of an US welfare company	Moderate to strong	Fully in line with literature findings (Colling and Clark 2002, Wächter et al. 2004, Jacoby 1997)	With the public attraction for a NASDAQ company the image gains in importance; therefore a blend of cultural surrounding, institutional frame and foremost the company's strategy makes up for the HRM practices in place
Workforce diversity	Legal requirement for organizations doing business with the US government	Not existent	Partly in line with literature findings (Ferner et al. 2004, Quintanilla et al. 2004)	Institutional impact (legal)
Flat hierarchies and open door policies	Can be traced back to a fast growing organization	Moderate to strong	In line with literature (Wächter et al. 2004, Geary and Roche 2001)	Company organization and strategy
Use of expats to spread culture	n/a	n/a	Not in line with desk research findings	n/a

8.1.5 Performance Appraisal and Dialogue Systems in the US

“HealthCo” – as could be assumed as a somewhat typical US MNC – has a performance appraisal and employee dialogue system in place that is standardized in the US but only transferred to Europe to a certain extent as we will learn in the next few paragraphs. There are three major elements we are going to describe. First, the regular performance appraisal system for employees which is also linked to pay will be discussed. We will refer to this system as to the “MD-2 system”; this name will be self-explanatory in the next sentence. Second, we will describe the specific appraisal form that is developed for the level called MD-1, which is for all direct reports of Managing Directors, for the Managing Directors and all hierarchy levels above. Third, we will have a look at the 360° feedback tool.

Performance Appraisal: MD-2 and below system

The US has a very rudimentary electronic system in place that is based on a Microsoft Excel spread sheet. This system is in place for all employees that report to a manager one level below the Managing Directors and all below hierarchical levels. The system described in a little more detail hereafter of course rates the employee’s performance in the past 12 months and is run on a yearly basis (US-14; 29_US_US: P25). Besides the pure performance evaluation on the job the appraisal also includes categories on the corporate values and culture, on team work but also on personal development plans. The US system foresees a merit pay increase that is also widely based on the results of the performance appraisal system as we have learnt in the description of the compensation system and strategy above. The appraisal is being conducted by the employee’s manager and then sent to HR for information and triggering further actions if needed and to the manager’s manager. Those actions could also include training programs for underperformers and regular training defined as measures to support the employee in his role.

The system is clearly in place in order to help the employee with their work performance and for the company to have a tool in place to detect high and low performers to take necessary actions (US-14; 29_US_US: P23). The transfer intent of the appraisal system as a basic idea can be ranked as being high with a general goal of standardization and employee equivalence on the system to be implemented whereby the strong individualistic culture is reflected (Colling and Clark 2002). This findings are also strongly in line with our results from the desk research (Muller 1998, Geary and Roche 2001, Almond et al. 2005, Edwards and Ferner 2002).

Pulignano 2006, Ferner et al. 2004). When making use of the proposed research framework as an analysis instrument we would evaluate the situation as such as seeing a clear presence of the cultural influence (high individualism) alongside the company’s performance management strategy having an impact on this HRM practices.

Performance Appraisal: MD-1 and above system

For the hierarchical levels MD-1 and above a different form than for the MD-2 and below level is used. The appraisal form for those “HealthCo”-employees is somewhat shorter and simpler with covering fewer topics that are more related to managing people and leadership (US-36; document). The form includes topics such as leadership and management skills and how corporate values are respected. All in all it is a system more aimed at a senior level of employees with the goal to assess the management of the company’s people. The results are reported to HR and the manager’s manager.

With leadership being one of the central topics in “HealthCo” and the MD-1 system focusing on leadership and management the transfer intention is somewhat higher even than for the MD-2 system. As we will learn throughout the transfer processes of practices described in the host-countries the roll out of the MD-1 system is monitored in a stricter and more stringent manner (EU-18; 11_German_Europe: informal exchange; EU-19; 9_German_Europe: informal exchange). As for the support in literature we can refer to the same sources as cited

under the MD-2 system here above. When making use of the research framework again we would need to assess the situation as such as the company's strategy in what is important to bring the business forward together with the company's structure and how the hierarchical differences are viewed are making up for the blend that influences the HRM practice.

360° feedback

On management level the tool of a 360° feedback is at disposition for employees. The widespread tool foresees to have different people on higher, lower, and equal hierarchical level to assess your performance, work style, team work skills, and other factors (EU-19; 9_German_Europe: informal exchange). The goal of the tool is to provide feedback to managers for them to reflect on their performances and leadership style (US-37; 13_US_Global: informal exchange). The transfer intent can only be seen as moderate according to discussions with the European responsible for training and organizational development (EU-19; 9_German_Europe: informal exchange). The tool is also described in the literature as an HRM practice being widely applied in US companies (Cooke and Huang 2011). Our model proposes to classify the practice as being influenced by the company's strategic priorities.

Two aspects that came to surface when analyzing the typical performance appraisal systems described in the contemporary technical literature were not found in our own study: the inclusion of so called KPIs (key performance indicators) and workforce diversity. For the latter we refer to the sections of corporate culture above.

Summary

This summarizing part deals with contributions from our study to give answers to the following research questions:

- i. What are typical US HRM practices in US MNCs? Under what circumstances and how are those HRM practices influenced?*
 - i.a. Are typical US HRM practices more standardized and formalized than HRM practices in Germany, France, and Switzerland?*
 - i.c. Are US HRM practices heavily influenced by the surrounding institutional frame?*
 - i.e. In how far does the institutional frame influence the HRM practices in US MNCs?*
- ii. What is described as "best HRM practices" in US MNCs and how are they transferred?*

What can be described as typical HRM practices in the field of performance appraisals are standardized approaches within the company that are linked to the organization's pay system. The system is electronically based and includes HR in the process to steer it and take actions where needed, be it for underperformers or to support normal and high performers. Also being ranked as typical practice is the 360° feedback that helps managers to do both reflect on and improve their performance. We are here strongly in line with literature research findings (Muller 1998, Geary and Roche 2001, Cooke and Huang 2011). The approach in this section as we learn from literature review (Edwards and Ferner 2002, Pulignano 2006, Ferner et al. 2004) and from our own findings is highly standardized and formalized with one form respective form being implemented at both levels MD-1 and MD-2. In the area of performance appraisals and employee dialogues our findings did not show a specific influence from the surrounding institutional frame. The practices are far more influenced by the company's strategy and national cultural traits.

Qualified as best practices are those instruments that help the managers and employees to improve their performances and that create some sort of equal measurement system for all employees across the organization – supported by studies from (Edwards and Ferner 2002) for instance.

*Table 8.5: US HRM practices: performance appraisal and dialogue systems
(own compilation)*

Practice	Background of practice	Transfer intention	Literature review support	Framework assessment
Appraisal system MD-2 and below hierarchical levels	Individualistic culture; bringing the company forward with employees' performances; equivalence and fairness in standardized system	Strong	Strongly in line with literature review (Muller 1998, Geary and Roche 2001, Almond et al. 2005, Edwards and Ferner 2002, Pulignano 2006, Ferner et al. 2004, Colling and Clark 2002)	Cultural influence (high ranked individualism) and company strategy on performance management to influence the HRM practices
Appraisal system MD-1 and above hierarchical levels	Securing high quality leadership and management as a central pillar for success	Very high	Strongly in line with literature review (Muller 1998, Geary and Roche 2001, Almond et al. 2005, Edwards and Ferner 2002, Pulignano 2006, Ferner et al. 2004, Colling and Clark 2002)	Company strategy and structure influencing HRM practices
360° feedback	Provide a tool for managers for developing	Moderate	In line with literature review (Cooke and Huang 2011)	Strategic importance of leadership to influence HRM practice
Key performance indicators and workforce diversity as part of the appraisal systems	n/a	n/a	No findings in the present study to support results from literature review.	n/a

8.1.6 Other HRM Practices and Effects in the US

In this category we will very shortly discuss some HR practices and HR-related findings that would not qualify for one of the 5 discussed sections above but which have nevertheless attracted attention in literature or during our information collecting phase. Those topics are: anti-unionism, headquarter relationships (although this topic does not make sense for the home-country practices analysis but will come into play when discussing the host-countries), mobility, dismissals, HR information systems, budgeting, mergers and acquisitions.

Anti-unionism

As we have learnt throughout the desk research on HRM practices in US MNCs anti-unionism is a big topic. To state it clear from the very beginning “HealthCo” has no union-avoidance policy in place although no unions are present in the homeland US. There is no intention for the company to have European subsidiaries follow any anti-union or union-avoidance practices (US-38; 13_US_Global: informal exchange). With this our case study is not fully in line with what literature proposes as practices to be anticipated (Singe and Croucher 2005, Tempel et al. 2005, Quintanilla et al. 2004, Geary and Roche 2001, and more).

Mobility

As we have touched upon this topic above in the section of elements of corporate culture, international mobility is not an elaborated practice in “HealthCo” (13_US_Global: P14). Further there is no intention to have any of the host-country subsidiaries to get involved in much international mobility activities either.

Dismissals

Given the rather unregulated US institutional frame employees are less protected by a labor law than their counterparts in the European host-countries (Hall and Soskice 2001). Even though this would allow “HealthCo” to quickly separate from workforce the investigated company for this study would rather opt to keep people longer in the business by securing to onboard the right workforce with a thorough recruiting process in place – see also sub-chapter 8.1.1 “Recruiting and Selection Practices in the US” (UK-3; 8_UK_International: informal exchange; UK-4; 7_UK_Europe: informal exchange).

HR information systems

In “HealthCo” there is a clear interest to have HR information centrally controlled. This topic is an absolute top priority in the current HR strategy (13_US_Global: P35; 11_German_Europe: P40). But at the moment in time this dissertation was written, the implementation of a HR information system has not been finalized. Until now the HQ in the US have not had global key figures and information available quickly. Globally consolidated information has to be collected in long and extensive processes where accuracy lacks at times (US-38; 13_US_Global: informal exchange).

A fact that underlines the importance of the project is that the budget for implementing this new information software globally is under US HQ control and lies not with the different subsidiaries. In the past other projects that were aimed to be rolled out globally failed in implementation as the foreign local markets blocked the transfer by not including the projects in the budgets (11_German_Europe: P40).

Budgeting

With the financial focus on quarterly results as being a normal fact for a NASDAQ listed company reaching budget and the budgeting process as such is a very important topic in “HealthCo” not only in HR but for the business in general (UK-3; 8_UK_International: informal exchange).

Mergers and acquisitions

Another big topic for HR in „HealthCo“ is the company’s expansion strategy that sees businesses being acquired. This brings along a necessity for a thorough due diligence process and a challenge for the corporate culture to be spread into all new markets world-wide (13_US_Global: P27).

Summary

Even though the topics discussed in the category of “other HRM practice and effects” are of less importance and deepness than the effects on the 5 main categories we will still have a short summary to wrap up this section. This part deals with the following research questions:

- i. What are typical US HRM practices in US MNCs? Under what circumstances and how are those HRM practices influenced?*
 - i.a. Are typical US HRM practices more standardized and formalized than HRM practices in Germany, France, and Switzerland?*
 - i.c. Are US HRM practices heavily influenced by the surrounding institutional frame?*
 - i.e. In how far does the institutional frame influence the HRM practices in US MNCs?*
- ii. What is described as “best HRM practices” in US MNCs and how are they transferred?*

We find support for a certain non-union presence to be a typical US effect with such results having been expected from the literature review (Singe and Croucher 2005). Although the term of “anti-unionism” would far be too much to describe the situation in “HealthCo”. Further the presence and application of a HR information system can be described as typical US although at the moment in time of our data collection the implementation of such a system was only in progress and not finalized yet. For a company being listed at NASDAQ budgeting and importance of financial results can be counted as one of the typical practices in place along with the company’s grow through mergers and acquisitions.

Again at this point of the dissertation we cannot have the comparison between the home- and the host-countries. In general we can state that for the topics of information exchange, budgeting, and mergers and acquisitions “HealthCo” has very standardized and formalized processes and practices in place. Formalization in turn was found in our desk research by Tempel et al. (2005) or Royle (1998) in terms of a formal approach towards anti-unionism.

Having a very liberal institutional surrounding in the US the influence of the company’s context might be visible through the rather free approach it can have to different HR topics. For the topics and practices being discussed in the category of other HRM practices and effects only few direct links from the institutional surrounding to the applied practices can be made. First, as we have learnt in our desk research (e.g. Chandler 1977) the importance of having an information system in place stems from the management approach the US might have in general. Second, the importance of budgeting is influenced by the listing in the stock market which is in turn a typical way of generating financial resources in the states (financial institutional surrounding).

In the section of best practices we can only include budgeting and information exchange of this section. Mergers and acquisitions are directly operated from the US and largely depend on a company’s business model. It is therefore difficult to classify it as best practice in general.

*Table 8.6: US HRM practices: other HRM practices and effects
(own compilation)*

Practice	Background of practice	Transfer intention	Literature review support	Framework assessment
Anti-unionism	Anti-unionism is not explicitly applied in “HealthCo”	n/a	Literature gives examples of anti-unionism practices in US MNCs (e.g. Singe and Croucher 2005, Tempel et al. 2005, Quintanilla et al. 2004, Geary and Roche 2001) – our findings would not support the desk research although no union presence	Liberal market system (institutional surrounding) leaves freedom for companies to act
Mobility	Not a developed practice in “HealthCo”	n/a	n/a	n/a
Dismissals	No special practice could be detected here	n/a	n/a	n/a
HR information systems	Importance to have a monitoring system in place – HR information system to be implemented on initiative of HR headquarter	Very strong	No specific findings	Implementation of the practice is not dependable on the institutional surrounding (at least for US) – strategic decision of management with some agency power related to resources and processes
Budgeting	Very important practice for a US company listed at the stock market in order to deliver the right financial results	Very strong	No specific findings	Influence of institutional context (financial sources) influencing the practice
Mergers and acquisitions	Important in the context of “HealthCo” for business growing	Transfer intention does not make sense for a practice that is purely driven by US home-country	No specific findings	n/a

The next sub-chapter shall approach the analysis and results of the HRM practices present in the host-country Germany.

8.2 Analysis and Results of the HRM Practices in the Host-Country Germany

In the present sub-chapter and sub-chapters below we will concentrate on the HRM practices that are in place in “HealthCo’s” host-country subsidiaries in Germany. As we can assume from the literature research done in sub-chapter 4.2 “German Host-Country Effects in US MNCs” we will find adapted HRM practices from those in the US just approached in the previous chapter. We will proceed for this analysis in a structured way. First, we will describe the HRM practices as they are in place in Germany. Second, we will compare the practice to the home-country practices we have just analyzed in the US. Thereby we will find out if the practice is a standardized practice, an adaptation of a standardized practice (hybridization) or a local practice (full adaptation) and what the reasons behind a possible adaptation are. For this analysis we will use the proposed research framework to filter out the macro-level and micro-level effects that lead to a possible adaptation. Third, we will assess our findings against the formulated assumptions derived from the research questions and see, where we are in line with our literature findings and where we have a gap and/or new insights. We start our analysis with the section on recruiting and selection first.

8.2.1 Recruiting and Selection Practices in Germany

In order to be able to compare the recruiting and selection practices in Germany with those in the home-country of the company we will stick to the categories used when described the practices in the US but of course complete with German-specific aspects that impact applied practices. By doing so we start our analysis by inserting a first German-specific effect related to the institutional feature of the training and educational system, the system of dual vocational education and training.

Impact of the dual VET on recruiting and selection

With the educational system in Germany being different from the home-country institutional setting a strong impact on recruiting and selection could be filtered out in our study. First, “HealthCo” Germany is very much engaged in the dual VET as we will learn in the section on training and development later on. With a majority (estimated 98%) of young people staying in the company after completion of their apprenticeship this lowers the need for additional external recruitment for many jobs. Today an estimated 5% of German “HealthCo” employees were former apprentices (EU-20; 9_German_Europe: additional query; G-1; 4_German_Germany: additional query).

Second, with a nation-wide educational system in place comparisons between candidate profiles and their background are possible in a much more standardized way compared to operating in a system lacking such a reference frame. The job profiles in Germany are therefore also established according to the educational background a candidate shall have in order to be well equipped to do a certain specific job. The dependence on university graduates is much lower in the German system (5_German_Germany: P38; G-1; 4_German_Germany: additional query). As such we can state that the recruiting process in Germany undergoes an adaptation compared to the home-country standard just by being influenced by the institutional surrounding in Germany. A fact that is nicely conceivable when referring to the graphical illustration of our research model with the company being the inner circle that is surrounded from the institutional membrane. Similar findings were shown in the study by Muller (1999) and we therefore claim for support from existing literature referring to this impact from dual VET on recruiting and selection. We will further discuss the differences between the US and German education system in the section about training and

development further below and see what the necessary discourse and arguments from Germany are in defense of their system, what the influence of the European HQ located in Germany is, and what the related financial expenses are.

Impact of works council on recruiting and selection

When looking at the recruiting and selection process per se there is another host-country effect closely related to the institutional setting that was made visible during our research. We found that the recruiting process is being influenced by the works council presence in Germany and the co-determination rights. The works council had marked its influence on two specific occasions as we would find out: first, on the implementation of the recruiting (and talent) management software “Select”; second, with their co-determination right on recruiting in general.

For the first aspect, the impact on the implementation of the software we refer to the respective section here below where the topic is discussed in more detail. At this point we would just mention that the implementation of such recruiting and talent management software has to undergo an approval process by the works council.

The second aspect, the co-determination rights of the works council on recruitment there is based on the “Betriebsverfassungsgesetz”²⁹ (Works Council Constitution Act) in the part of the “Mitbestimmung bei personellen Einzelmassnahmen” (co-determination on individual measures). In fact this aspect is in turn closely linked to the implementation of the recruiting software as the works council has the information right on personnel decisions and has the right to intervene under certain circumstances. This clearly impacts the recruiting processes in Germany although for higher positions in the company (directors and above) the co-determination right is limited to the information right (4_German_Germany: P25).

„Der Betriebsrat kann nach dem Mitbestimmungsrecht auch Rekrutierungen blockieren. Das gilt dann nicht mehr für Rekrutierungen für „Directors and above“, aber auch dort gilt immer noch ein Informationsrecht.“
(4_German_Germany: P32)

With the implementation of the recruiting software the German HR team had a tool at hand that would even support them in the information exchange process with the works council. Our interview partners would also see their institutional influence as not being that harsh and prevenient as not to be able to find solutions for practices to be implemented.

„Grundsätzlich können wir hier [eigentlich alles an Praktiken] umsetzen, was aus Amerika verlangt wird. Es gibt ja auch immer Adaptierungsfreiraum. Beim Beispiel „Select“, als wir dem Betriebsrat die Einsicht in die Rekrutierungen garantieren mussten, hat man dies einfach mit Leseberechtigungen geregelt. [Es ist eine Frage des Vorgehens und des Dialoges.]“
(4_German_Germany: P33)

With the description of the practices and process above we can conclude that the recruiting process as such is clearly adapted due to reasons rooted in the institutional context of the company in Germany. When looking at our research framework one would wonder in how far agency power on processes and meaning could be able to impact the eventual outcome of the practice. We will further discuss this on the example of “Select”. The question we raise at this point in the dissertation is, in how far has the European HR headquarters the role of a political actor (agency power) and in how far the location of the European HR headquarters plays a role in the adaptation process of the HR practices transfer. The influence of the co-

²⁹ <http://dejure.org>

determination right in general finds support in literature although not in a vast volume as for what we would detect in our desk research (Muller 1999).

Personality tests

The use of personality tests for recruiting and selection is also common in Germany as it is in the US as described in the respective section. The so called PI and PLI test find application in the German recruiting process. There is no objection to the use of the test and candidates at all levels usually undergo the lighter version of the personality test, i.e. the PI test. *“Wir wollen den eigentlich bei allen Rekrutierungen machen. Bei Management Funktionen wird er ganz sicher immer eingesetzt. [...] Die Akzeptanz ist soweit gut.”* (5_German_Germany: P36).

Only for positions on “Director and above” level the PLI finds application. In this respect the German have adopted the exactly same process and implementation of the tools at hand as the US (see also sub-chapter 8.1.1 “Recruiting and Selection Practices in the US”). What we have learnt is that the transfer of the practice of the test implementation undergoes no adaptation to our knowledge (11_German_Europe: P75; 4_German_Germany: P24). What we would have found here is a typical example of a reverse diffusion from the UK to the US with the test originally being used in UK, but as we are not including the UK in the host-country sample for the reasons outlined in the beginning of this dissertation, we will not further explore on this finding (4_German_Germany: P24; 5_German_Germany: P35). What we know about the perception of the transfer intention is that especially for the PLI the implementation for the “Directors and above” hierarchy is explicitly pushed (US-39; document; US-40; document). We pull out of this that for the PI test even though there is more freedom of practice adoption the Germans have implemented this practice on a more facultative basis. No further standardization is mentioned as being that obviously present as the implementation of this tool. For “Directors and above” usually the US is getting involved in the process which does not necessarily mean that it is very structured as we will find out here below.

When assessing this situation against our proposed framework we would find that no institutional, cultural, or micro-political filter would impact the transfer of the practice being applied. Although, if we compare this to our findings in the literature, we can see that Muller (1999) cites an example in which the works council opposed itself to a recruiting practice (implementation of an assessment center). We therefore conclude that the presence for blocking certain recruiting practices is rooted in the German “Mitbestimmungsgesetz”. Nevertheless the use of personality tests have found application in the German “HealthCo” subsidiary showing that even though an institutional frame for an adaptation or blocking of a certain HRM practice is given there might also be a micro political aspect to the implementation process that allows agreements, acceptance and negotiation of certain practices. This is a crucial finding as it supports our assumption of the importance of the political debate on actors’ levels.

Long recruiting process – only for directors and above

To analyze the recruiting process in Germany we need a two-folded sight. On the one hand side all candidates being recruited at a position under “Director and above” status undergo a recruiting process that is defined by the local national subsidiary. There might be an interview round at European level for certain strategically important positions but the local subsidiary remains the process owner and driver (US-39; document; US-40; document). On the other hand side all recruiting processes including positions of a status of “Directors and above” request the inclusion of the international business team within the respective business division. This means that people sitting in the global headquarters will get included in the process. The cascading system of this recruiting process also foresees that before the team in the US will get involved their direct reports and HR at European level have to recommend a candidate and to give their approval by a written report (no further formal restrictions) to the US team. On their side the European team will only interview people if the

respective national team in the business and national HR have considered the candidate a technical and cultural fit to the organization.



Figure 8.5: Recruiting process for candidates of “Director and above” status (own compilation)

What looks a relatively structured process in principle can be rather challenging for both recruiters and interviewees. The cascade approach going from national to continental to global interview partners is respected but no list of well-defined interview partners exists. This means that during the process other interview partners might be proposed by people figuring on the minimum required list of interviewers and a candidate of “Director and above” level can easily find itself face to a process with more than ten interview partners in a process of as many interview sets (EU-21; observation and informal exchange with European Recruiting Manager). „Es kann sehr viele Interviews geben. Aber weder wir noch die Kandidaten wissen genau wie der Ablauf sein wird.“ (EU-21; observation and informal exchange with European Recruiting Manager). One of our interview partners for this study reflects on his hiring process with “HealthCo”:

“Die vielen Interviews waren schon speziell. Ich habe vielleicht 10 Interviews geführt. Für mich war das machbar, ich wohne in der Gegend und habe über die Strasse gearbeitet. Aber jemand, der aus [einer anderen Region] kommt kann so etwas fast nicht bewältigen. Ich habe auch gefragt, wie das andere Personen machen. Offenbar versucht man [Termine] dann zu bündeln.“
(G-02; 5_German_Germany: informal exchange)

The rather long recruiting processes are considered as being typically US by the German interview partners on both levels Germany and Europe. „Die [Rekrutierungs-]Prozesse, in welche die Amerikaner involviert sind, sind schon einschneidend mit 15-20 Interviews und dem PI-Test.“ (11_German_Europe: P75)

Generally spoken, the practice as we have found being applied in Germany is fully adopted from the US model with no further restrictions. With the strategic importance of the positions being the main driver (US-39; document; US-40; document) behind the process and the

absence of institutional features and apparently of political interest by any actor in the process the adoption of the practice is very straight forward to our knowledge. In our desk research no specific findings on long recruiting processes could be found. The closest we came to this very specific recruiting and selection feature was the thoroughness of the process that sees sophisticated tools being developed to support the processes to the maximum extent.

Diversity

For the sake of completeness we shortly touch upon the topic of diversity. The practices applied in the US do not find any implementation in Germany. As we learnt in the respective chapter about the US practices the home-country practice is being implemented on the basis of regulatory requirements but no transfer intention could be detected in our research. All in all diversity does not play a focused part in Germany (EU-22: 10_German_Europe: informal exchange). To our knowledge the absence of the topic is also underlined by a lack of legal requirement in the company's environment. In summary with a lack of transfer interest from the home-country and a legislation-free environment in this respect in the host-country the practice does not apply in Germany.

Software implementation

The implementation of recruiting and selection software was triggered in the US. In short, the US searched for a standardized and formalized tool for internal and external recruiting and talent management that should be rolled out globally but budgeted locally. For more details we refer to the respective chapter about the US practices in recruiting and selection above. In Germany the software implementation took place and the system was successfully introduced. "HealthCo" Germany has fully adopted the practice but is only one of four European countries that have introduced the system. With the focus on the transfer as such the following statement illustrates the situation:

*„Die USA hatte gesagt, ‚wir wollen ein globales System‘. Heute ist „Select“ aber nur in den USA, UK, Deutschland und Österreich eingeführt. Das hat nichts mit der Qualität des Systems zu tun. Der Grund dafür, dass das System nicht flächendeckend eingeführt wurde ist einzig das Budget. Für kleine Märkte ist der Aufwand ein solches System einzuführen enorm.“
(11_German_Europe: P39)*

This statement from the European HR responsible is interesting in many aspects. It shows that even though a strong transfer intention from the US was given there was still some room of manoeuvre for the local national teams to block the transfer out. The situation we find ourselves in is typically related to agency power. When we assess the situation with our proposed research framework we find that one of the major influencing factors was the power over resources (budget in this case) for other countries to block the system out. We will touch upon this topic again when we will discuss the practice in the host-countries of France and Switzerland. Turning back to Germany another aspect comes into play we quickly streaked in the category of the influence of the works councils on the recruiting and selection practices here above. In principles the under the German "Betriebsverfassungsgesetz"³⁰ (Works Council Constitution Act) the works council has the right to intervene on certain practices around recruiting and selection. The interesting point here is that in an environment where the works council could in theory block out the implementation of such a recruiting and selection tool the practice was nevertheless transferred to the host-country. Again we refer to our part in the framework about agency power – this time related to processes and meaning. When planning the implementation of "Select" the works council in Germany was involved from the very beginning of the project and saw even representatives from the US

³⁰ <http://dejure.org/>

travelling to Germany to present the project (US-16; 13_US_Global: informal exchange; US-41 ;17_US_Global: observation). What we can conclude here is that the micro-political aspects in such processes have doubtlessly an influence on the transfer. When discussing this topic with the German HR interviewees they were all very positive and supportive of the implementation of the software which sort of paved the way for the transfer. One of our interviewees even stated that in principle all global practices could be implemented if the process is approached in the correct way (4_German_Germany: P33). The solution that was found to convince the German works council was to show them the advantage the system would bring to their co-determination rights and how the system would even support them in their monitoring functions. One of the main arguments was the systems features for accession rights and how this would add transparency to the process for the works council. In this respect the sense-making discourses as described by Geppert (2003) as to adapt certain home-country practices can also be detected in political arguments of HR people in order to convince local institutions to adopt certain practices. In this sense the arguments and discourses used in the case of Germany were clearly aimed to having a future system in place that would simplify the application of the co-determination rights and enhance those rights compared to the status before the implementation of the system (US-41 ;17_US_Global: observation). Comparing those results to the relatively little findings in our desk research we conclude that the literature results of concrete examples we refer to (Muller 1999) are not supporting the findings in our study and vice-versa even though this does not mean that there is necessary contradiction. The results we are able to present here are once again in support of bringing the micro-political perspective into play when analyzing the transfer of practices (e.g. Geppert and Williams 2006). Obviously the German HR team was full of support for “Select” to be implemented as the team was eager to replace their outdated system. In this sense the proposition of a new and more modern system fell on fertile soil within the German HR team and displays the micro-political side of the implementation process.

„[„Select“] wurde auf gegenseitigen Wunsch von den USA und Deutschland eingeführt. Unser altes System musste abgelöst werden. Als [die USA] dann sagte es sei ein neues System verfügbar, haben wir uns auch gemeldet.“
(4_German_Germany: P23)

Again at this point we would like to raise one specific aspect here shortly that will be discussed in more detail further below. During our interview sessions with the German and European HR interviewees we could sense the importance of the political discourse when discussing the implementation of HR practices not only from the local team but as well from the European HR team located next door to the German HR people in the offices. In this sense we will discuss our analysis of the role of the European HR team separately in each of the five HR sections per country in order to see what their influence on the respective practices and related implementation processes concretely was.

Headcount / hiring freeze / job approval

For the section of headcount, hiring freeze, and job approval processes we can state that the practices being asked by the US are strictly followed in “HealthCo” Germany to our knowledge. Headcount reporting is being done on a monthly basis with the HR and financial reports as requested including a breakdown to different cost centers to have a monitoring system at hand with regards to quarterly financial results (G-03; 4_German_Germany: informal exchange). Related to this instrument and result achieving purpose we find the processes of job approvals and hiring freezes to be applied which are instruments at disposition of the European and global business responsible managers. Depending on the business forecasts and the financial performance hiring freezes have been outspoken for the European “HealthCo” group. Newly created positions have to be approved by respecting predefined processes and forms (US-42; document).

By analyzing the situation with our proposed research framework we can identify that the US guidelines are strictly followed. No opposition institution- or culture-wise are present to our knowledge. This is also strictly related to the non-HR part being covered by those instruments which are in place to guarantee an HR contribution to the financial performance. Interestingly the hiring freeze are not outspoken by the HR responsible in Europe or the US but by the business managers with global or European responsibilities (EU-23: observation). As for the job approval process the business leaders on European or international level need to sign the job approval forms. In those examples we can clearly see the financial interests behind the HR practices.

Role of the European HQ

One very specific aspect which is mostly visible in the German “HealthCo” context is the analysis of the role of the European HR headquarters based in Germany. As we have stated here above the European HR team is located in the same buildings as the German local HR team and they work door to door with their colleagues having national responsibilities. We will for all the different HR areas in the three host-countries have a short analysis on what the impact of the European HR team is. In Germany it can be supposed that we will find the strongest effect in terms of micro-political influence (agency/actor level) given the proximity of the work places and with the most European HR responsible persons being of German nationality.

For the specific section of recruiting and selection though we have to state the impact of the European HQ was only moderate. What we found out in our interview and observation sets is that the German HR team makes use of the European HR team when negotiating with the German works council about the implementation of certain tools and instruments. The one example related to the above described practices that sticks out is the participation of the European HR responsible in the meetings with the works council about the implementation of the recruiting and talent management software “Select” (EU-24; observation and 11_German_Europe: informal exchange). In this example the European HR team advocated for the US approach of having a global system being implemented. From our interviews we drew that the wish for a new system in Germany was also present in the German HR team and that no convictional debate about the necessity and usefulness of the tool had to take place between the US (through the European HR team) and the German team (4_German_Germany: P23).

At this point in the dissertation we would also raise the point that the role of the European HR headquarters could be an advocating role going in both directions: in defense of a local practice in Europe or in defense of a global practice from the US to be implemented world-wide. Based on our literature review about the role of the RHQ in HR we claim here to have a coordination role in place in general for recruiting and selection. With the European HR team focusing on strategic (information exchange) and operational synergies. When it comes to the structural model we claim for a transnational position of the RHQ to be held with having good alliances back to the central headquarters and representing their interest while still seeking for local adaptation where necessary.

For the example stated here our research framework analysis shows clear presence of some micro-political influence (agency power) being exerted (processes and meaning) from the European HR team supporting the German local team in their approach to the works council.

Summary

To conclude this sub-chapter on the German practices related to recruiting and selection we will first comment on the pre-formulated assumptions of findings derived from the research questions before summarizing the results from our study in table 8.7 “German HRM practices: recruiting and selection”. This section will deal with the following questions:

- i.a. Are typical US HRM practices more standardized and formalized than HRM practices in Germany?*
- i.b. Are US HRM practices more performance and goal related, and more short term-oriented than HRM practices in Germany?*
- iii. How are HRM practices of US MNCs accepted in the host-country subsidiaries? To what extent are those practices adapted locally and why?*
 - iii.a. What is the general acceptance of US HRM practices in foreign subsidiaries?*
 - iii.b. Are US HRM practices adapted in foreign subsidiaries?*
- iv. What are typical German HRM practices in German companies?*
- v. How and to what extent are the HRM practices in subsidiaries in Germany of the examined US MNC influenced by the local circumstances?*
- iii.c. What is the impact of the (foreign) local institutional settings on US HRM practices?*
- iii.d. How do the institutional settings shape US HRM practices, or in other words what is the level of adaptation due to the local institutional settings?*
 - iv.a. How does the system of co-determination influence the local German HR practices (in the US MNC)?*
 - iv.b. How does the system of dual VET influence the local German HR practices (in the US MNC)?*
 - iv.c. How does the presence of unions influence the local German HR practices (in the US MNC)?*
 - iv.d. What other influences (host-country effects) do we detect in the present study?*
- v.a. What are the local institutional circumstances shaping HRM practices in Germany?*
- i.f. What is the influence of the micro-political games and the subsidiary roles on the HRM practices in US MNCs?*
 - iii.e. What is the impact of micro-political games on the adaptation of US HRM practices in foreign subsidiaries?*
 - iii.f. How does this impact shape the adaptation of US HRM practices in foreign subsidiaries?*
 - iii.g. What is the impact of the role of the subsidiary on the adaptation of US HRM practices?*
- v.b. What are the micro-political circumstances shaping HRM practices in Germany?*
- v.c. How do the local actors shape HRM practices in the host countries?*
- v.d. What influence does the subsidiary role exert on the implementation of HRM practices in the host-country?*
- v.e. What are the power-resources of the foreign subsidiaries and how do they influence the outcome of HRM practices in the subsidiaries?*
- v.f. What other micro-political games do shape the implementation of HRM practices in the foreign subsidiaries?*

Related to recruiting and selection practices we can indeed state that the US have a standardized and formalized approach. The use of personality tests is clearly initiated by the US and is not a practice that would have been used by the German subsidiary without it being imposed by the home-country. The rather structured approach could also be filtered out in the long recruiting process at first sight. It is clearly defined that candidates applying for a job on a certain hierarchical level ("Director and above") have to undergo a specific process. In this sense we can say that our findings reflect former studies (e.g. Almond et al. 2005). Although when analyzing in detail we can see that the predominant rule of the process is clearly defined but the detail of the process is not more standardized than the processes in "HealthCo" Germany. An aspect that makes recruiting and selection being more

standardized in the US is the legal requirement for diversity in the case of “HealthCo” (business partner to the US government) – see also chapter 8.1.1 “Recruiting and Selection Practices in the US”. With regards to the implementation of the recruiting and talent management software we can state that the initiative by the US to implement the new system globally makes it a standardized approach. On the other hand the German HR team was also eager to have the new system available in order to replace their existing and outdated system. This fact sort of equals the striving for standardization and formalization in this very aspect. The measurements around job approval processes, head count, and hiring freezes are indicators of a very structured approach by the US. It remains open whether the Germans would have implemented the similar tools to have monitoring instruments at hand. For the reflection on the standardization in the US and the evaluation against existing literature we refer here to the respective chapter above.

Two German specific aspects, namely the co-determination right and the dual VET, give the German practices a very formalized and standardized touch in recruiting and selection. Co-determination rights pre-define certain processes in recruiting and selection with the German “Mitbestimmungsrecht” being played to its fullest extent. The educational system in Germany allows on the other hand a more standardized and formalized approach for candidate comparison during the recruiting and selection process. We therefore analyze that the implemented tools and measures might be more standardized in the US than in Germany in order to bring in some structure to a very liberal and non-harmonized system. On the other hand the institutional frame in Germany shapes and structures and even formalizes the processes in a different way – we claim to be in line with findings by Muller (1999). Summarizing we can state that the recruiting and selection practices in the US are more slightly more standardized and formalized than in Germany making up for a less structured environment.

When it comes to goal-, performance-, and short-term-orientation we cannot make a statement here. These aspects will become more relevant in other HRM areas later on.

With a glance at table 8.7 “German HRM practices: recruiting and selection” we can see that with exception of the institutional influences of the German co-determination system and the dual VET all home-country practices have been fully adopted by German “HealthCo”. This advocates a general acceptance of the practices in this area of HRM. As for the areas where German institutional impacts are present the tools at disposition were used to be compliant with the local institutional requirements as for the example of the implementation of the recruiting and talent management software when granting access and information rights to the works council. Our findings show that with the presence of the co-determination rights the processes are affected but less the outcome or implementation of the practices. It is more about informing the works council and partnering when implementing the US practices rather than struggling with the implementation. In summary for the practices in recruiting and selection the acceptance of the home-country practices is very high with a very low adaptation level. To confront our results to the desk research findings two aspects have to be discussed. First, we can say that given the presence and potential influence of the co-determination rights and the German specific dual VET system in place we are in line with studies by Muller (1999). On the other hand side we claim that the micro-political influence is clearly present and therefor our findings strongly support the work of more actor-focused studies (e.g. Geppert and Williams 2006).

There are two major institutional features in Germany that influence the practices or as we have learnt here above more the processes in recruiting and selection. The first feature is the German co-determination law that enfolds also an information right about recruiting and selection. As we have seen this institutional feature however did not hinder the implementation of certain HRM practices but rather shape the implementation process with HR delegates from Europe and the US to discuss and negotiate with the German works

council representatives. For our case it can best be summarized that the process is adapted but the outcome is adopted.

The specific question about the influence of unions on the implementation of HRM practices cannot be answered due to the absence of union presence in “HealthCo” Germany.

Dual VET again has no impact on the transfer of practices as found in our study. The German educational system does have an impact on recruiting and selection in the sense of having a homogeneous reference frame for education and training in Germany. But its influence was not stronger than this on the US practices in recruiting and selection. No further institutional impacts could be found in this area of HRM practices.

Actor-related impacts specifically on recruiting and selection could only be found partly in our study. With most of the home-country practices being adopted by the German “HealthCo” HR department the micro-political effects are restricted to a maximum for this area of recruiting and selection. However we like to highlight 2 specific findings related to company-politics here.

First, with the European HR team, constituted mainly with collaborators with German nationality, working door to door with the German HR team a close collaboration and mutual influencing situation can be assumed. Second, for the specific practices we have found in our study and the aspects investigated here the impact of the European HR team was visible when discussing and negotiating the implementation of the recruiting and talent management software with the German works council. No further specific micro-political impact could be detected.

To summarize our findings table 8.7 “German HRM practices: recruiting and selection” gives an overview. We next turn to the practices related to training and development in Germany.

*Table 8.7: German HRM practices: recruiting and selection
(own compilation)*

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
Impact of the dual VET on recruiting and selection	Recruiting and selection process influenced but much richer internal job market (apprentices) and more comparable external job market due to standardized set of education and apprenticeship	Strong adaptation of recruiting practice	Finds support in literature review (Muller 1999)	Institutional impact on recruiting process with educational system being different from home-country
Impact of works council on recruiting and selection	Co-determination rights on individual personnel measures influences the process of recruiting practices	Strong adaptation in process; moderate adaptation in outcome	Works council impact on recruiting and selection found in literature (Muller 1999)	Institutional impact on recruiting process with co-determination rights being different from home-country

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
Personality Tests	Originally a UK reverse diffusion to the US but now implemented as a fixed practice replacing an US test – a 1:1 adoption by the German subsidiary from US practice	No adaptation – full adoption of process in principles	Literature shows some opposition of works councils to recruiting and selection practices (Muller 1999) which would not show full support for our study results	No institutional, cultural or micro-political filter adapting the practice; although the combined view with the literature review makes a certain importance of the actors' level visible
Long recruiting process – only for directors and above	Defined process for key positions even on subsidiary level by the US	Adoption of the process	No special case or support found on this topic	No institutional or cultural feature present to adapt the practice
Diversity	No practice related to diversity – absence of transfer of home-country practice	No transfer (no intention of transfer by home-country)	No specific results could be found in the literature research	No transfer intention by home-country combined with no legal requirements in host-country lead to absence of practice
Software implementation	Practice originated in the US with strong transfer intention for global roll out	Full adoption of the practice	Support found in the claim of including the micro-political aspects (e.g. Geppert and Williams 2006) – no specific support found in concrete examples (neither contradiction)	Agency power playing a central role in the implementation of this practice and political discourse – showing how practice can both support the local HR work and enhancing the co-determination rights of the works council
Headcount / hiring freeze / job approval	Monitoring tool for HR financial contribution rooted in the US	Full adoption of the practice	Support found in literature review on headcount (Wächter et al. 2004) and hiring freezes (Ferner 2000)	No institutional or cultural features to impact the financially driven practice
Role of European HR headquarter	Agency power (processes and meaning) exerted from European HR HQ towards German works council advocating for the	Outcome of transfer was full adoption although HR HQ influence only having a moderating effect with the German HR team also	n/a	Clear presence of agency power exerted by the European HR HQ (processes and meaning) – coordinator role in general in

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
	implementation of the recruiting and selection software to be implemented	advocating for the system		recruiting and selection in a transnational mind-set

8.2.2 Training and Development Practices in Germany

For the section on training and development practices in Germany we will use the same approach as for the area of recruiting and selection. For one part and the sake of completeness we will consider here all practices that have been mentioned in the part on training and development practices in the US. Those practices will be completed with a set of German specific findings. We commence our description with the latter category again describing for all practices and effects what the standard implementation and degree of adaptation/adaptation is. Further we will describe the reasons behind the applied practices and filtered-out effects before assessing the results against our proposed research framework. As for the previous sub-chapter we will again conclude this section with answers to the top-line and sub-line questions and a summarizing table giving an overview. First we shall focus on the impact of the educational system in Germany, namely the dual VET.

Impact of the dual VET on training and development practices

One institutional impact that clearly sticks out is the engagement of “HealthCo” Germany in the educational system of dual VET. From a P&L perspective the German business has been under pressure for the last couple of years. The net profit has decreased on a year to year basis in three consecutive periods. An increasing and more and more urgent demand for savings has been put on the table by business responsible managers in Germany. Nevertheless the German subsidiary of “HealthCo” has still been heavily involved in the dual VET system provided by the institutional surrounding (EU-25; 11_German_Europe: additional data gathering). The estimated investment (compensation, infrastructure, and training) in education (for dual VET only) sums up to approximately 3% of the total salary volume with around 6% of total personnel being apprentices or students. These figures have been stable despite of decreasing profits over all. The engagement of the German subsidiary in dual VET is described as being high, very stable. After completion of their apprenticeship approximately 98% of the “trainees” remain in the German “HealthCo” subsidiary (EU-20; 9_German_Europe: additional query; G-1; 4_German_Germany: additional query).

There is no legal obligation for an organization to get involved into the German educational system. The German interview partners admitted also that external pressure and public expectation were not enough to keep such a system alive. The arguments to maintain the investment into the educational system are rather technically founded. First, the Germans see a mid-term return on investment. In the second year of the their education apprentices figure as rather cheap workforce that help bridging staffing shortage for sickness or holiday reasons (EU-20; 9_German_Europe: additional query; G-1; 4_German_Germany: additional query).

„Es gibt schon eine vehemente Verteidigungshaltung in den Standorten, [um Auszubildende zu behalten]. Der P&L Druck steigt halt mit dem Argument, die Auszubildenden seine nur ein Drittel produktiv und binden Arbeitskräfte. Aber das ist schwer messbar. Als Argument gilt aber, dass die Auszubildenden sich im zweiten Lehrjahr ganz sicher bezahlt machen. Die fangen als billige Arbeitskräfte Engpässe bei Krankheiten oder Urlauben ab.“

(G-1; 4_German_Germany: additional data gathering)

Second, the argument of succession planning is mentioned. With 98% of apprentices remaining in the business strategic succession planning is being supported. Third, recruiting and induction of external workforce is seen as costly. The investment into the educational system is seen as compensated by lower external recruiting costs (G-1; 4_German_Germany: additional data gathering).

Interestingly a head count practice that sees apprentices only count for 0.375 FTE instead of 1.0 FTE was introduced in the German subsidiary before it joined “HealthCo”. Today this practice as spread over Europe into other markets (e.g. Switzerland) having the same system in place (EU-20; 9_German_Europe: additional query). Thus the rather high number of apprentices in the business do not inflate the head count figures. This practice is backed by the European HR headquarter. Discussion related to headcount calculations and ratios are circumvented.

Described through the lens of the framework as presented above we can say that the engagement in the educational system and the local practices are defended against an increasing pressure for cost savings and profit increasing. We have a clear German host-country effect in place with the investment in the dual VET being present. This host-country effect is protected by actors’ engagement on both European and national level. With the European HR headquarter being located in Germany the advocate the investment for their colleagues on national level (EU-25; 11_German_Europe / EU-20; 9_German_Europe: additional data gathering). The responsible HR managers on European level were socialized in the system under pressure and can help to argue for the engagement and support the country actors in this matter. European HR is acting as protecting umbrella of the German local practice and shields from questions from business (USA and UK). With both European-German and local German actors having the power over meaning (socialization with the system and significance of the dual VET), over processes (succession planning and recruiting) and over resources (workforce, recruiting cost, and technical knowledge) as described they can defend the local practice resulting in the described host-country effect. The discourse adapted to reach the goals can be described as “translated to HealthCoish”. The nature of the argument is rooted in the local environment but expressed in company-wide concepts such as “investment”, “succession planning”, and “recruiting cost reduction”.

Impact of works council on training and development

The impact of the works council on training and development is moderate in outcome but influential in process with the information right about initiatives clearly present. The following statement by a European business responsible sums up the approach in Germany:

“[The works council] is not a problem. It fits well with our corporate culture. We like to take the [employees] with us. For us it is more of an administrative step rather than a hurdle.”

(7_UK_Europe: P49)

Concretely no practices in training and development could be found where the co-determination right or other works council impacts would have influenced the transfer of an HRM practice. As the statement above shows the German institutional (legal) circumstances are known international managers and they would deal with matter as no choice is left. “We

need to partner with the works council as well. You cannot reach goals whilst not partnering with them and treating them as an enemy. [...] We never lose our vision. But we have to accept that we need local expertise.” (14_US_Global: P13)

By the look of our framework we clearly see an impact of the institutional surrounding on the process of the practices but as mentioned above not necessarily on the outcome for what concerns training and development practices.

Organizational development strategy

The organizational development strategy follows clearly the European version and tool created and described in sub-chapter 8.1.2 “Training and Development Practices in the US”. The tools used for the strategic development of the workforce are summed up in the development wheel presented in the very same part including practices we are going to analyze throughout the dissertation. The effect that is clearly made visible here is the one of the direct influence of the European HQ being located in Germany and collaborating closely with the German “HealthCo” HR team. We will again refer to the impact of the European HR team further below. In summary we can say that the US practice and approach, although having many points in common with the European strategy for organizational development, is not being applied in Germany. Germany has here opted for the European version for obvious reasons. The influence of the European HR team is undeniable and can be qualified as agency power in the sense of processes (implementation project not followed up) and resources (time for implementation not allocated). It has also to be stated that the development of the so called wheel has taken place before the tree was created in the US. (9_German_Europe: P20 – 21).

Company specific training

Another interesting initiative taken by the German subsidiary was the building up of a company own training academy offering a broad program of courses in sales, marketing, customer service, leadership and many more. The practice started off in Germany and was offered to all German speaking countries, i.e. Germany, Austria, and Switzerland. Although as we have seen in the analysis of the US training and development initiatives the home-country offers also company specific training the Germans started to distribute a training catalogue on a yearly basis. The initiative has now been taken over by the European HR team and is offered to the other European countries as well, although the majority of the trainings are still held in German language. In so far the practice of the US finds also application in Germany but the initiative has been developed independently from the US (G-4; document). The initiative has been backed by the European team throughout the process. Today some of the trainings that have been initiated in Germany (for example a course titled “General Management Training”) is also offered in the US. We therefore find this to be typically a reverse diffusion of practices. The practice of offering company specific training as such has been adopted but the program has been adapted to get a tailor made offer for the German context available. As such it fulfills the criteria of labelling it as a hybrid solution. Again an impact in terms of participation in the dual VET is sensible here with Germany simply having a different training need in their subsidiary than the US (G-1; 4_German_Germany: additional query). Therefore our analysis shows that the institutional frame in Germany impacted this HRM practice deeply.

Team development meetings and succession planning / personnel development plans

This practice is clearly adopted by the German “HealthCo” subsidiary and fully transferred from the US towards Germany. Yearly team development meetings take place in Germany with European business managers, European HR, local Managing Directors, and local HR taking part in the meeting. The tools have been standardized in Germany and fully adopted from the ones used in the US (i.e. 9-Grid-Box – see sub-chapter 8.1.2 “Training and development practices in the US”). Related to those meetings are also personnel development plans to be implemented for employees in order to unveil their potential of to get them trained for future jobs (succession planning). This practice about the personnel

development plans although has not been transferred in a standardized/formalized way to Germany. All in all the tools have been brought to Germany by the European HR team with the clear intention to fully transfer the US model to Europe in collaboration with HR US. As valid for the US also the German subsidiary takes advantage of this practice to assess the local situation in terms of succession planning. In short: the US practice has been fully transferred to Germany (EU-26; document).

When analyzing the situation by using our proposed framework we would find again that the role of the European HR team seems to be critical in the transfer of practices from US to Germany and vice-versa. As touched upon here above we will discuss this effect separately later.

Role of European HR headquarter

As for all other HRM practices will also assess the role and of the European HR headquarter on the practices of training and development in Germany. In this very area we would like to mention 3 specific aspects where the European HR headquarters has exerted some sort of an influence on the outcome of a practice transfer. First, the European HR HQ plays an advocating role for the engagement of Germany in the dual VET defending the involvement and financial exposure of the “HealthCo” subsidiary in the German educational system although the engagement is not legally founded. We can claim to have found a typical actor-related effect with agency power exerted by the European HR team over resources (financial investment) and meaning (engagement in the system in general). In this sense a multi-domestic model is applied by the RHQ. With the signaling commitment and the entrepreneurial stance the European HQ takes a facilitator role in this aspect of training and development.

“Man erklärt den Amerikanern das [Ausbildungs-System] immer wieder. Sie glauben auch, dass sie es verstanden haben. Aber wenn man nicht in einem System aufgewachsen ist und darin lebt, ist es immer sehr schwer das zu wirklich zu verstehen. Die Amerikaner finden das deutsche System wunderbar, denn es bedeutet auch häufig eine lange Betriebszugehörigkeit. Das mögen sie. Aber ich glaube nicht, dass es wirklich verstanden wurde. [...]. Man kann schon so deutlich sagen, dass über das Business dann der Druck auf [die lokale Umsetzung] des Bildungssystem[s] ausgeübt wird. Aber das Bildungssystem als solches wird eigentlich geschützt [...]“
(EU-25; 11_German_Europe: informal exchange)

Second, the European HQ also shows its influence when it comes to the strategic tool of organizational development. As we have learnt in sub-chapter 8.1.2 “Training and development practices in the US” the European HR headquarter developed its own tool in relation with the strategic OD; at this time due to lack of tool availability of the US. Now as the US have developed their own tool the European team does not encourage a standardized roll-out on the other side of the Atlantic. As we have learnt there were some initiatives to harmonize the tools but nowadays the European countries are still oriented towards the OD-“wheel” instead of the OD-“tree” (9_German_Europe: P21). As for the engagement for dual VET above the European HQ takes also a transnational position with a facilitator role as per definition from our desk research.

Third, the roll out of the so called team development meetings and the resulting personnel development plans in Germany was clearly enhanced by the engagement of the European HR headquarters (9_German_Europe: P27). In this case the RHQ has more of a coordinator role and transnational position.

All examples show again that the actor-related impact of the European HR team can go in both directions, i.e. advocating for local practices or advocating for standardization, formalization, and harmonization.

Anti-corruption training

Training on worldwide business standards and the anti-corruption training as described in the home-country part on training and development are also fully applied in Germany. The driver behind the transfer is the legislation and regulation in the US for companies listed at the stock market. Therefore the practice of the all “HealthCo” employees having a training every two years on the company’s worldwide business standards and anti-corruption regulations finds full adoption (EU-25; 11_German_Europe / EU-20; 9_German_Europe: additional data gathering). There is no adaptation of this practice in the host-countries as no room for manoeuvre is being given by US law/regulation. Referring to our research framework we can see that the home-country institutional frame dominates the host-country institutional frame where no legal source would allow the German subsidiary to block the practice out.

Other home-country practices related to training and development

As for the other practices related to training and development that we found in the case of “HealthCo’s” home-country we have to state at this point that none of those find application in Germany. Coaching and mentoring is not applied as part of the HR practices set neither is there collaboration in Germany with business schools or universities to develop certain leadership systems and practices. Further no leadership competency model, 360° feedback, or performance management training could be found in the German subsidiary. Therefore we cannot assess the situation for those practices.

We now turn to the research sub-questions derived from pre-formulated assumptions that will help us guiding the response for our top-line research questions. The procedure is identical to the one applied for recruiting and selection in the previous sub-chapter, i.e. the questions are grouped in sets of topics as explained further above.

Summary

Again we summarize by considering the respective research questions for this section reflected in the grey box below.

- i.a. Are typical US HRM practices more standardized and formalized than HRM practices in Germany?*
- i.b. Are US HRM practices more performance and goal related, and more short term-oriented than HRM practices in Germany?*
- iii. How are HRM practices of US MNCs accepted in the host-country subsidiaries? To what extent are those practices adapted locally and why?*
- iii.a. What is the general acceptance of US HRM practices in foreign subsidiaries?*
- iii.b. Are US HRM practices adapted in foreign subsidiaries?*
- iv. What are typical German HRM practices in German companies?*
- v. How and to what extent are the HRM practices in subsidiaries in Germany of the examined US MNC influenced by the local circumstances?*
- iii.c. What is the impact of the (foreign) local institutional settings on US HRM practices?*
- iii.d. How do the institutional settings shape US HRM practices, or in other words what is the level of adaptation due to the local institutional settings?*
- iv.a. How does the system of co-determination influence the local German HR practices (in the US MNC)?*
- iv.b. How does the system of dual VET influence the local German HR practices (in the US MNC)?*
- iv.c. How does the presence of unions influence the local German HR practices (in the US MNC)?*
- iv.d. What other influences (host-country effects) do we detect in the present study?*
- v.a. What are the local institutional circumstances shaping HRM practices in Germany?*
- i.f. What is the influence of the micro-political games and the subsidiary roles on the HRM practices in US MNCs?*
- iii.e. What is the impact of micro-political games on the adaptation of US HRM practices in foreign subsidiaries?*
- iii.f. How does this impact shape the adaptation of US HRM practices in foreign subsidiaries?*
- iii.g. What is the impact of the role of the subsidiary on the adaptation of US HRM practices?*
- v.b. What are the micro-political circumstances shaping HRM practices in Germany?*
- v.c. How do the local actors shape HRM practices in the host countries?*
- v.d. What influence does the subsidiary role exert on the implementation of HRM practices in the host-country?*
- v.e. What are the power-resources of the foreign subsidiaries and how do they influence the outcome of HRM practices in the subsidiaries?*
- v.f. What other micro-political games do shape the implementation of HRM practices in the foreign subsidiaries?*

When we discuss the standardization of HRM practices in the area of training and development we have to state that the practices in Germany are much more standardized and formalized nation-wide compared to the practices in the US. The system of dual VET defines precisely the content and processes of educations being offered in the country. When it comes to company specific training and other practices related to training and development (such as team development meetings and related development plans, coaching and mentoring, feedback, etc.) we can say that according to our findings the US approach is much more standardized and formalized than the German approach which is also expressed

by more practices found in this field in the US than in Germany. This is fully in line with our review of existing literature and considered further sources (O'Sullivan 2000, Münch 1989). Further the processes in Germany are also influenced by the co-determination rights which are legally founded. Strategic-wise our findings show that the degree of formalization is not necessarily higher in the US than in Germany. The European team has developed their own tool to strategically approach training and development in the absence of a formalized tool in the US. This fact led to a non-harmonization in terms of strategic training and development tools. Although the efforts for an integral system was there the process of standardization was not concluded at the point in time of our study. Our findings related to goal orientation in this field are very limited and we have to assume that not many differences between the practices in the countries exist. On the other hand with the dual VET in place we claim for the German practices to be more long-term oriented than the US practices. In Germany the educational paths within the dual VET foresees basic further education programs after compulsory school with a length of two to four years. Apprentices are prepared and trained very specifically for their professional life. With more company specific training being offered in the US the time horizon of trainings aims at a possibly shorter time (Münch 1989).

Talking adaptation, acceptance and adoption in general of US HRM practices in Germany. When we look at the summarizing table 8.8 "German HRM practices: training and development" here below we can state that mixed findings are the result of our study. First of all, we do not assume that the general acceptance of US practices in Germany is very low although a lot of practices have not been implemented and a lot of German specific practices are in place. This would reflect works by Singe and Croucher (2005), Almond et al. (2005), and Muller (1999). Still we could not find any proof for general skepticism from the Germans towards the home-country practices. The reasons for adaptation are deeper rooted than in the actors' preferences. Although the role of the European HR headquarters can definitely impact the transfer and adaptation of practices as we have discussed here above.

But with an institutional frame in Germany being so different from the home-country the training and development practices are not quite the same. "HealthCo" Germany is strongly engaged in the dual VET process and defends these practices with the help of the European HQ. This leads to a German-standardized way of training and (further) education. Where transfer intentions are very strong from the US and where no institutional barriers in Germany are in place the transfer of practices between the countries takes place. Again with the co-determination rights in place in Germany the processes of implementation might be influenced but the outcome is not necessarily blocked or adapted. Where transfer intentions are moderate to weak the practices tend not to be applied at all in Germany as for example for the 360° feedback. Locally specific practices such as collaboration with educational institutions are not transferred to Germany.

Although we stated that actor-related influences are not visible in our findings of the study when it comes to acceptance of the practices a micro-political procedure can still be present with the European HR headquarters acting as a moderating player in the practice transfer process and practice implementation as seen on the occasions of team development meetings and defending the engagement in dual VET in Germany. Talking a general acceptance in this very section we are more concerned about an actor related aspect which in turn is supported by the work of the likes of Dörrenbächer and Geppert (2011). Talking the general adaptation we are in line with former studies by Muller (1999) or Almond et al. (2005) seeing a clear impact of institutional settings.

The classic and most obvious example of training and development practices in Germany in education is the engagement of "HealthCo" in the dual VET system. As we have learnt from the analysis above (EU-20; 9_German_Europe: additional query; G-1; 4_German_Germany: additional query) the investment of the German subsidiary in the education system is considerable (approximately 3% of total salary expenditures for dual VET only; approximately 3.5% for all training and development investment) compared to other

countries in terms of percentage of total salaries (US approximately 2%). In other words the German investment in training and education concentrates foremost on the general education within dual VET and less on company specific training as it is the case for the US. We could also find examples of German-focused company specific training such as a course called “General Management Training” for which even a reverse diffusion effect could be filtered out. In so far the institutional background in Germany with the dual VET system and the co-determination rights influencing the processes are the main drivers of adaptation of practices and implementation of German-specific solutions in terms of training and development HRM practices.

As referred to this aspect already further above no union activities are present in “HealthCo” Germany which means that no effect related to this aspect can be presented here. We now turn to the actor-related influences of German specific practices.

Coming back to the actor-related effect. First of all, only limited findings came out of our study related to actor-based influences in Germany on training and development. The role of the subsidiary could not be found as influential on the process of adaptation or adoption of practices in this field. But, as stated on earlier occasions, the role of the European HQ located in Germany can be found as political in certain aspects and influential on the practices related to the investment of the German “HealthCo” subsidiary into the dual VET. We have clear indications and findings showing that the European HQ is engaged in defending the investments on the German subsidiary in the dual VET in discussion the system and investments directly with the US. The interesting aspect here is also to find the arguments of defending the practices in Germany. As stated above the discourses of the German-European and German actors make use of “HealthCoish” language and arguments as for instance referring the expenses to “investments”, securing “succession planning”, and cost effective actions by “reducing recruiting cost”. With power over resources, meaning and processes we have a typical actor-related effect in place where the German team is supported by the European HR headquarters.

As usual we refer to a table (see here below) for the summary of our findings before turning to the next HR section and the analysis of the compensation and benefits practices.

*Table 8.8: German HRM practices: training and development
(own compilation)*

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
Impact of the dual VET on training and development	Engagement in dual VET rooted in German institutional system and micro-politically defended by European HQ and German HR managers	Clear adaptation of the home-country system where no dual VET is present	Supported by literature research (Singe and Croucher 2005, Almond et al. 2005)	Institutional frame and micro-political action (meaning, resources, and process) enable host-country adaptation defended in discourses of company-wide concepts
Impact of works council on training and development	Institutional background with co-determination rights being granted to the works council	Only adaptation in process of practices and implementation processes but not	Partly in line with literature where some works council influence could be detected on training and	Institutional frame to impact process of practice implementation and application – only very

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
		necessarily in outcome	development (Muller 1999)	moderate impact in our findings
Organizational Development Strategy	Strategy adopted from the European HQ rather than from the US HQ	Transfer from US to Germany not fulfilled but also lacking strong intention, Germany opted for the European approach which was developed at an earlier stage when US was lacking a formal approach	New finding by our study – no results in this area of training and development could be found in the literature review	Typical block of transfer by European HR; agency power in processes and resources being exerted
Company specific training	General concept of having company specific training is rooted in both the home- and the host-country; although the system and training offer is impacted by the educational system in the countries	Independent development of company specific training offer – examples of reverse diffusion of some specific management and leadership training (hybridization)	Influencing factors of dual VET on German training programs are supported (e.g. Almond et al. 2005) – specific results for reverse diffusion found (Edwards and Ferner 2002)	Institutional frame in form of educational system in the countries shaping the details of the practice with general idea remaining identical
Team Development Meetings & Succession Planning – Personnel Development Plans	Practice originated in US and transferred to Germany through the channel of the European HR team	Full adoption of the practice – although no formalization for personnel development plans	No specific findings in our literature review	Practice promoted by actor (European HQ) – no institutional, cultural, or political barriers in place to adapt the practice
Role of European HR headquarter	Defending the German engagement in dual VET (institutional background in Germany); promoting the European version of OD strategic tool; enhancing roll-out of team development meetings	Can lead to full adoption or full refusal of practices	No specific findings in our literature review	Actor-related impact on power over meaning, resources, and processes being held by European HQ – mostly facilitator role and multi-domestic model in place with strong tendencies to tight alliances to central HQ and coordinating tasks for RHQ

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
Coaching and Mentoring	Not practiced to our knowledge – no data available	n/a	n/a	n/a
Collaboration w/ management schools	Not practiced to our knowledge – no data available	n/a	n/a	n/a
Leadership competency model	Not practiced to our knowledge – no data available	n/a	n/a	n/a
Performance management training	Not practiced to our knowledge – no data available	n/a	n/a	n/a
360° Feedback	Not practiced to our knowledge – no data available	n/a	n/a	n/a
Anti-corruption training	Legally founded in the US and compulsory for other countries with the company being listed at the stock market in the US	Fully adopted (compulsory)	No specific findings besides US companies rolling out trainings on corporate values (Fenton-O'Creevy et al. 2008, Quintanilla et al. 2008)	Home-country institutional frame triggering the transfer and dominating host-country institutional frame

8.2.3 Compensation and Benefits Practices in Germany

As for the previous sub-chapter of applied practices in Germany we will also follow the same approach here by starting our description with the practices (one by one) in the area of compensation and benefits before discussing the adoption or adaptation level of the practices and the underlying reasons. We will assess the situation by a look through the lens of our proposed research framework for all practices in this area before giving answers to the research questions and summarizing the findings in the concluding table of this sub-chapter. First, we will now discuss the influence on of the works council on the compensation and benefits practices in Germany.

Works council influence on compensation and benefits practices

As this influence is a proposed feature in the literature research and a pre-assumed influence given the institutional surrounding we include a short description of the practice here although we have to admit that the works councils impact in this area of HR in „HealthCo“-Germany is rather moderate to low. Again, with co-determination right in place the works council has a participation right in the absence of negotiated agreements (Betriebsverfassungsgesetz § 87; Mitbestimmungsrechte³¹) which is the case as we will also learn in the respective section hereafter. In Germany the cooperation between “HealthCo” employer and employees is described as constructive: *“Wir pflegen ein gutes Verhältnis zum Betriebsrat, weil es einfach auch das Arbeiten erleichtert. Wenn man im Betriebsrat das*

³¹ www.dejure.org

grosse kommunistische Feindbild sieht, dann wird es schwer.“ (4_German_Germany: P34) The impact of the works council on the compensation is not the highest although our findings show that the HR headquarters in the US are also sensible when it comes to this topic. The global responsible compensation and benefits manager foresees discussions, negotiations and the information rights of works councils in the yearly salary adjustment processes for example (14_US_Global: P17). The sensitization of the global US managers in this area is clearly influenced by the presence of German nationality in the European HR team (EU-25; 11_German_Europe: additional data gathering). We conclude that the influence of the works council in “HealthCo” Germany does not heavily impact the outcome of practices in compensation and benefits but rather the process. This is also in line with what we will find later on in this sub-chapter with the rules and guidelines from the US being followed in Germany. Basically the German legislation would present the basic conditions for the works council to have a deeper impact on the practices in this area. The reason why this potential impact is not practiced is found in the micro-political processes of the practice transfer. With the German and European HR team being involved in the negotiations with the works council on practices in the field of compensation and benefits consensus and reasonable compromises are aspired before letting the situation being driven by the legal paragraph. Therefore we have once again an actor’s influence present. The European HR team acts in the role of arbitrator between the US and Germany. Being conscious of both positions, the US and the German, they foster the dialogue with a sound knowledge and influence on processes, resources, and meaning at stake for the outcome EU-25; 11_German_Europe: additional data gathering).

Individualized pay

In Germany no collective bargaining is in place. The system of individualized pay has been fully adopted from the US although we have to state here that even before the German “HealthCo” subsidiary joined the US MNC (acquisition in 1999) no collective bargaining was present (EU-27; 10_German_Europe: informal exchange). With the subject of individualized pay having some interface with variable pay and pay per performance we here refer to the respective sections on those topics to discuss the extent of individualized pay in this matter in more detail. As the practice of individualized pay has apparently its origin many years back from today we could with our interview partners and data collection not find out whether there were any specific reasons or events that had driven the company to have a collective-bargaining-excluded system in place.

Compensation system and strategy

The German „HealthCo“ subsidiary is aligned with the compensation system and strategy originated in the US. Via the mediator of the European HR team the system and strategy has been rolled out throughout Europe whereas in Germany no adaptation from the standard protocol can be found. As for the US the German subsidiary has the policy to pay salaries on a median level for employees performing to the expectations of the company for approximately 3 years (EU-13; document). Further Germany participates in yearly compensation and benefits surveys in which the salary levels and jobs are assessed against industry and national benchmark data (G-5; document). The yearly salary adjustment process is standardized worldwide and finds also application in Germany (EU-13; document). A forecast for the envisaged salary increase in total is handed some month before year end. A general increase from which every employee in the company profits is determined and another certain percentage of total salary cost from previous year is budgeted for individual extraordinary increases. If those reach a certain level in percentage or nominal amount the increase is discussed in with business responsible managers, HR on European level and local MDs and local HR. The process is well structured and very transparent also in Germany. Although the process is now clear and routine this was not always the case in the past.

„Früher hatte sich im Konzern niemand um die europäischen Tochtergesellschaften [zum Thema Entlohnung] gekümmert. Danach ging man ins Detail, das gab dann aber auch Konflikte. Das war insbesondere eine Phase der Missverständnisse. Diese Tendenz [zum Detail] klingt jetzt aber auch schon wieder ab. Zum Beispiel musste man eine Salärerhöhung von einigen Prozenten für einen Lagermitarbeiter mit dem ganzen Management diskutieren, obwohl der Nominalbetrag vernachlässigbar war.“
(11_German_Europe: P77)

Again in a process of alignment the European HR team has played its role as a moderator to have a smooth approximation of the then existing German practice to the global practice (11_German_Europe: P77). This leads us also to the analysis with help of our proposed research framework. The transfer of the system and strategy for compensation and benefits has been transferred to Germany without major adaptations in the outcome. The process is still influenced by the works council's rights though. It testifies again the role the European HR team can play in this sort of transfer in a context where institutional features would allow for some adaptations.

Performance related and variable pay

Generally spoken performance related and variable pay in Germany is very much standardized and adopted from the home-country guidelines. The main difference that was discussed by our interview partners is the fact that in Germany only employees on management level and/or in sales functions have performance related or variable pay schemes. Specifically in Germany the approximation to have the US system for managers and sales people has been accelerated in the last few years which is also closely related to the fact that in Europe a specific European compensation and benefits HR person has been employed – also of German nationality (10_German_Europe: P61). Today the schemes as being in place in the US (see sub-chapter 8.1.3 “Compensation and Benefits Practices in the US”) are also applied in Germany with management by objectives, personnel incentive plans, and long-term incentive plans being of the same standardized format as in the home-country. We can therefore state that the transfer of the practice has fully taken place. From the explanations of one of our interview partners we can draw that again the German market has been in special focus of the implementation with European HR team being situated so closely to the German local HR team. The transfer has doubtlessly been smoothed (10_German_Europe: P61).

Role of European HR headquarter

What we learnt throughout the analysis of the transfer of compensation and benefits practices from the US to Germany is that the European HR headquarter has played a decisive role as moderator, mediator, and in general as political actor in the processes. The examples stated here above include the discussion and negotiations with the German works councils in order to smoothen the transfer process, the sensitization of the US for topics related to co-determination rights in Germany, and the influencing factor on the acceptance and implementation of the practices in Germany. The role of the European HR team can be decisive for the refusal or acceptance in the host-countries. As for the previous sub-chapter it is also valid for compensation and benefits practices that the European HR headquarters has agency power related to all three aspects in our framework being processes, resources, and meaning. In the case of compensation and benefits the political agency role lead by majority to the implementation of practices when talking the outcome and the consideration of local circumstances (co-determination rights) and needed dialogue with the works council when talking the influence on processes. In this sense we would again claim for the European HQ to take a facilitator role in Germany and a transnational position in order to smoothen the processes.

We now turn to the research questions derived from the pre-formulated assumptions and will find answers related to the practices and the respective transfer in the area of compensation and benefits before concluding the sub-chapter with a summarizing table.

Summary

Following the same patterns and procedure as for the precedent sub-chapters we will summarize in this section the findings on compensation and benefit practices in Germany. The section deals with the following research questions derived from the formulated assumptions.

- i.a. Are typical US HRM practices more standardized and formalized than HRM practices in Germany?*
- i.b. Are US HRM practices more performance and goal related, and more short term-oriented than HRM practices in Germany?*
- iii. How are HRM practices of US MNCs accepted in the host-country subsidiaries? To what extent are those practices adapted locally and why?*
- iii.a. What is the general acceptance of US HRM practices in foreign subsidiaries?*
- iii.b. Are US HRM practices adapted in foreign subsidiaries?*
- iv. What are typical German HRM practices in German companies?*
- v. How and to what extent are the HRM practices in subsidiaries in Germany of the examined US MNC influenced by the local circumstances?*
- iii.c. What is the impact of the (foreign) local institutional settings on US HRM practices?*
- iii.d. How do the institutional settings shape US HRM practices, or in other words what is the level of adaptation due to the local institutional settings?*
- iv.a. How does the system of co-determination influence the local German HR practices (in the US MNC)?*
- iv.b. How does the system of dual VET influence the local German HR practices (in the US MNC)?*
- iv.c. How does the presence of unions influence the local German HR practices (in the US MNC)?*
- iv.d. What other influences (host-country effects) do we detect in the present study?*
- v.a. What are the local institutional circumstances shaping HRM practices in Germany?*
- i.f. What is the influence of the micro-political games and the subsidiary roles on the HRM practices in US MNCs?*
- iii.e. What is the impact of micro-political games on the adaptation of US HRM practices in foreign subsidiaries?*
- iii.f. How does this impact shape the adaptation of US HRM practices in foreign subsidiaries?*
- iii.g. What is the impact of the role of the subsidiary on the adaptation of US HRM practices?*
- v.b. What are the micro-political circumstances shaping HRM practices in Germany?*
- v.c. How do the local actors shape HRM practices in the host countries?*
- v.d. What influence does the subsidiary role exert on the implementation of HRM practices in the host-country?*
- v.e. What are the power-resources of the foreign subsidiaries and how do they influence the outcome of HRM practices in the subsidiaries?*
- v.f. What other micro-political games do shape the implementation of HRM practices in the foreign subsidiaries?*

From the data we have collected and the answers from the interview partners we can draw that indeed when it comes to compensation and benefits practices the US has a more standardized and formalized approach to practices. We have found a good volume of

practices that are formalized and standardized which were transferred from the home-country to the host-country (e.g. MBO sheets, PIP sheets, salary adjustment processes, salary benchmarking, etc.). Today the practices are adopted in Germany and therefore aligned with the formalization and standardization but still the origin of practices and the structural patterns in the tools and processes clearly stems from the US. Further we can also claim that the practices in compensation and benefits are more goal oriented in the US than in Germany. The most obvious example is that in Germany only managers and sales people have goal/performance related and variable pay whereas this is not a restriction we would typically find in the US. Eventually no comment can be made in this section whether the practices of compensation and benefits would be more short-term oriented in the US than in Germany. We even have to state that the US have to so called long-term incentive programs in place which allow employees to earn money on a rather long-term (3 years) basis. With the exception of the part on the long-termism we find supporting elements in our literature research (Tempel et al. 2005, Pulignano 2006, Ferner et al. 2004).

From our results found in the study we conclude that the US practices in the area of compensation and benefits are well received in Germany. No major objection could be found and no major turn down of practices has been reported to us in the data collection. In contrast, where Germany with the co-determination rights would be a natural ground to give some US practices a hard time to be implemented or an adaptation of certain practices would be very likely we could not find such results in our research. We clearly state here that this fact is heavily influenced by the local presence in Germany of the European HR headquarters where the majority of people in the team are of German nationality and the team playing an important role in actor-related effects with classical agency power being exerted. As far as we can assess the findings by now this is clearly one of the major conclusions we need to focus on for this study. Assessed against existing literature we have to state that former studies (e.g. Almond et al. 2005, Muller 1999) found a much stronger influence for objection than what is shown by our results.

To focus on some specific aspects of institutional influences first that are included in the set of questions here above, the dual VET has no impact to our knowledge on the compensation and benefits practices as being included in the transfer process of "HealthCo", neither has union presence as for our study it was not relevant with unions being absent from the scene. The major institutional impact we could find was the institutional feature of co-determination rights. We have to put this into perspective. In fact the co-determination rights were not found to be influencing the outcome of the transfer process but rather the process itself with works councils having information or determination rights. In this sense the impact of the institutional setting in Germany on the transferred practices from the US is very low. Whereas literature suggests a much stronger institutional influence (Whitley 2000, Jackson and Schuler 1995) our study shows stronger effects on the side of adopted home-country effects which in turn is from the final product closer to findings of Muller (1999) but the nature of the effect is a micro-political and not a macro-level one (Dörrenbächer and Geppert 2011). With this we are bridging to the next section.

When discussing the micro-political processes influencing the transfer of the HRM practices in the area of compensation and benefits from the US to Germany we clearly have to highlight the role of the European HR headquarters located in Germany. The role of this headquarter sort of dominates the business role of Germany in our case and impacts the transfer heavily. Where initiatives and resources by the European HR are invested in order to align practices in Germany with those in the US (e.g. variable pay systems) the outcome was clearly influenced. We conclude for this very specific area of compensation and benefits that the influence of the European HR went to the favor of standardization and formalization as wished by the US which is logical in two senses. First, the European HR headquarter has to report its results to the US. Second, when we analyze the transfer intention in this HRM practice area we can filter out a strong to very strong transfer intention. Therefore the political

engagement and the agency power over resources, processes, and meaning was clearly invested in order to foster and enhance standardization and formalization. Thus our results support the models presented by Lasserre (1996) and Schütte (1996).

To conclude this sub-chapter table 8.9 “German HRM practices: compensation and benefits” will provide an overview on the situation as found and analyzed by our study.

*Table 8.9: German HRM practices: compensation and benefits
(own compilation)*

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
Works council influence on Compensation and Benefits	German institutional co-determination rights (Betriebsverfassungsgesetz)	Compensation and benefits practices not heavily influenced in outcome but in process (rather administrative)	Our literature findings show much stronger influence of works councils on the compensation and benefits practices than our study results (Almond et al. 2005, Muller 1999)	Institutional frame allows for impact of works council on compensation and benefits practices – but real impact is low due to political negotiations of HR Germany and HR Europe (processes, resources, and meaning)
Individualized pay	No collective bargaining in place even before the German subsidiary joined the US MNC	Adoption of the practice; pay is individualized in Germany	Not fully in line with literature findings where for some German subsidiaries in US MNCs collective bargaining plays an important role (Muller 1999)	Transfer of practice seems not to be influenced by any institutional or actor-related effect; we conclude a good fit of the practice for both contexts (US and German)
Compensation system and strategy	Practice aligned with the US guidelines in terms of salary adjustment process, compensation strategy and system; today's practices transferred from the US	Fully adopted practices in; transition period smoothed by mediation of European HR; processes still influenced by works council's rights	Not fully in line with literature findings where loads of examples are stated the German practices are adapted due to co-determination rights and collective bargaining	Transfer of practice (system and strategy) smoothed by the moderating role played by European HR (agency power on processes)
Performance related and variable pay	Transfer of practice from US not heavily influenced; group of employees eligible	Implementation and standardization enhanced in the last years (also	Again, not fully in line with literature findings where more resistance in the local	Basically the institutional setting would allow for some intervention but

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
	for performance related and variable pay is more limited in Germany (managers and sales functions) than in the US	under influence on new European compensation and benefits role); today practice fully implemented	markets is described for those practices to be transferred (Muller 1999)	process is smoothed by European HR, i.e. agency power on processes and meaning present
Role of European HR headquarter	Negotiations with works council; sensitization of US on topic with inclusion of co-determination rights; impact on implementing process of compensation and benefits practices	Impact can lead to practice adoption, process alignment or refusal of practices	n/a	Agency power on resources, meaning, processes exerted by European HR functions – facilitator role and transnational position of RHQ

8.2.4 Instruments of Corporate Culture in Germany

For the category of instruments of corporate culture in Germany we follow the same approach as for all other HRM areas in each country, i.e. we will describe practice per practice what the actual protocol is and why a certain adaptation or a full adoption of their application did take place. This is followed at any one time followed by an assessment of the situation with help of the proposed research framework. To conclude the section it follows a short summary of responses to the research top-line and sub-line questions before a concluding table gives an overview of this sub-chapter. We start our practice analysis in this section with values and mission statements (including employee surveys).

Values and missions statement (including employee survey)

With values and mission statement being a globally valid instrument to give a rough business direction to the organization it is evident that those elements are not adopted in content or format. For information about the content we refer here to sub-chapter 8.1.4 “Instruments of Corporate Culture in the US”. With the global validity of the values the instruments that were developed in the US find generally full application in Germany. What seems very clear in principles though leaves still some room of freedom of adaptation to the Germans. First, the values and the mission statement are more included in managers’ speeches in the US than in Germany (EU-28; 11_German_Europe: informal exchange). In fact the same protocols for spreading the values are valid in European countries as in the home-country, i.e. all “HealthCo” employees receive upon their entry to the company (be it through recruiting or acquisition of a business) the “HealthCo” value booklet and need to sign off reception and agreement with the values. The company’s values are also included in the online trainings as part of the worldwide business standards to respect, a training that is run every two years for all employees (see respective sub-chapter (8.1 “Analysis and Results of the HRM Practices in the Home-Country US”). In this respect the US practices find full application in Germany so far. When we turn to the instrument of the corporate culture survey that is also run every two years in “HealthCo” worldwide the level of adaptation is different and the transfer is clearly impacted by some actor-related effects disguised as institutional barriers.

But first things first, generally Germany takes part in the global culture survey (for a description we refer to sub-chapter 8.1.4 “Instruments of Corporate Culture in the US”) with a response rate that lies within the European average with around 70% of all German employees hand in their response to the respective cultural questions (G-6; document). In 2012 although the German “HealthCo” subsidiaries did not take part in the survey. The argument and discourse the German HR managers used to report the skip of the German participation towards the US was that the German works council used the participation as pressuring medium in order to obtain attention for certain pending HR topics (10_German_Europe: P21). Eventually the German “HealthCo” subsidiary did not participate in the survey. So far the official version of the story. What we learnt in interviews was that indeed the German works council did argue to boycott the survey but that the German HR and management were not very active to argue against the skip of the 2012 participation because it was feared that the results would turn out worse than in previous years as those pending topics the works council was arguing for were discussed subsidiary-wide at this time in “HealthCo” Germany. With restructuring processes in place at this time and a certain discomfort of the situation the works council’s argument was amplified towards the US in order to prevent the subsidiary from challenges in reporting low participation rates and low scores. In fact the co-determination rights in Germany which in theory could prevent such a survey from being conducted was used as a micro-political argument by the actors in play (4_German_Germany: P52).

„Der [Culture Survey] hatte in Deutschland nicht stattgefunden, weil der Betriebsrat nein gesagt hatte. Aus Sicht des Betriebsrats wurden gewisse Dinge nicht abgearbeitet und somit wurde der Culture Survey blockiert.“

(11_German_Europe: P55)

„Der Culture Survey 2012 wurde nicht zwingend wegen dem Betriebsrat nicht durchgeführt. Zu dieser Zeit hatten wir aber eine Restrukturierung durchzuführen. Die Resultate wären schlicht sehr schlecht ausgefallen. Der Betriebsrat wurde einfach als Argument da angeführt.“

(4_German_Germany: P52)

The discourse and arguments used by actors to enforce the non-participation were deeply rooted in the legal field with co-determination rights giving the possibility to the works council to have “HealthCo” employees not participating (4_German_Germany: P52). With the above described occurrence we can classify the practices as hybrid. The 2012 occurrence in Germany led also to some other minor impacts where the influence of the co-determination rights are visible. When “HealthCo” global memos are sent out to all countries the Germans have to make adaptations in the wording. They are not allowed by their works council to refer to the culture survey as something that is operated every two years because it needs the agreement of the works council on each occasion (5_German_Germany: notes P39).

“Wir müssen diesen Passus rausnehmen, weil sonst der Betriebsrat je nach Launen in anderen Dingen nicht kooperativ ist, weil wir mit dieser Aussage ihn übergehen würden.“

(5_German_Germany: notes P39)

Talking the values in general no resistance or discomfort is present as our interview partners confirm. The values are formulated in a very general way which does not interfere with the huge majority of Western European cultural standards. *„Vieles, was in den „HealthCo“ Values steht ist für Mitteleuropa selbstverständlich. Aber es ist gut, wenn gewisse Dinge auch immer wieder wiederholt werden.“* (4_German_Europe: P: 51)

Although in the perception of the German interviewees culture is not as easy measurable as it seems with the culture survey and they see exactly a cultural reasons also in the lower response rates to the culture survey in Europe compared to the US with Europeans questioning the concept of the survey.

*„Es existiert eine Resistenz [gegen solche Umfragen]. Man war enttäuscht in den Ländern von den Resultaten und [Rücklaufquoten]. Aber viele Europäer empfinden diese Umfragen als zu abstrakt und man denkt sich, dass sowieso nichts dabei rauskommt [...]“
(12_German_Europe: P49)*

Code of conduct

As for the code of conduct and the practices related (see sub-chapter 8.1.4 “Instruments of Corporate Culture in the US”) no adaptation could be filtered out in our study. We therefor refer to the respective sub-chapter here above to for the detail of the practices. The code of conduct exists in different formats translated into German language and the online trainings as required by the US stock market regulations and “HealthCo” itself as a company are transferred to Germany without any further adaptation. The values and corporate charter were even included in the employee dialogue form that was developed in HR Europe in close collaboration with the German HR team (G-7; document). In so far from the point of view of our research framework we cannot detect any major barrier or obstacle be it institutional-wise or actor-related.

Community service and employee involvement

Community service programs and being a company giving back to society is very important to „HealthCo“ as we learnt throughout the respective sub-chapter on community service and employee involvement in the US further above. This spirit and also respective financial resources have swapped over to Europe with different countries, amongst which is Germany, are engaging in CSR activities. Today “HealthCo” Germany participates in “HealthCo” donation activities when money is raised for global occurring catastrophes (e.g. the Haiti earthquake in 2010) or in community activities (G-8; 11_German_Europe: informal exchange). Some of the activities and community engagement are then reported to the company own magazine which is issued about 3 to 4 times a year (US-31; document). Further Germany today is also engaged in such activities as “theme days” for employees. As reported to us from interview partners in the US this sort of activities took a while to be transacted to Germany and to touch ground as the cultural differences and concerns of the German management on how those activities would be received were present (G-8; 11_German_Europe: informal exchange). But the last example of such a theme day was in summer 2014 during the football World Championship in Brazil when “HealthCo” employees would dress in the colors of the team they supported (G-8; 11_German_Europe: informal exchange).

In our interviews we felt also that there is a difference in perception of how to mix private with professional life. The Americans seem to have less difficulties to open up at work and to let private life flow into professional life, also in exchange with their colleagues. *„Ein weiterer Unterschied ist auch, dass man in Europa einen Job hat und Privates wird in überblickbaren Dosen geteilt. In den USA bringt man nach unserem Empfinden die Familie viel stärker mit ein. [...] In den USA ist dies normal.“* (9_German_Europe: P42).

From the point of view of our research framework the cultural practices are supposed to be much more influenced by actor-related interventions in terms of meaning than regulated by institutional features. In the present case the employee involvement seems not to be as pronounced by dress up and community activities in Germany as it is the case in the home-country. But still the transfer of these practices is flowing across the continental borders. For Germany we can consider a hybridization of practices being present.

Workforce Diversity

Workforce diversity is a topic in the US with “HealthCo” being a business partner to the US government. As discussed in the respective sub-chapter above there is no transfer intention from the US to have this practice applied in other countries. Further, in our interviews in Germany the topic turned out to be not relevant.

Other aspects of corporate culture

As we have learnt throughout previous parts of this dissertation culture is a very delicate and difficult topic to capture. From our data collection it was therefore also difficult to have enough data triangulation in order to come up with solid statements about the real differences in the national cultures between the US and Germany or even the management style. Nevertheless we would like at this point to depict the aspects of how the cultural differences are felt and lived and what differences in management styles are perceived by our interviewees.

First, corporate culture was often seen as very closely related to how employees are treated and what benefits they get and further what the corporate engagement for the society is. In Germany the management team seems happy with the approach of involving employees and building up long-term relationships. Apparently this fits well with the required business needs in the area of trade where the market is very sensible to good customer relationships in order to keep sales high.

„[...] derzeit [hängt] noch sehr viel Umsatz von den einzelnen Verkaufsleuten und deren Integration im Markt und bei den Kunden ab. Man versucht demnach die Leute an sich zu binden und damit den Umsatz. Das passt dann auch sehr schön mit der [„HealthCo“] Philosophie zusammen: ‚Die Leute sind unser grösstes Asset‘ [wird innerhalb des Konzerns stets gesagt]. Weil der Erfolg eben auch den Mitarbeitenden hängt. Gerade deshalb ist gerade in unserem Kontext Personal so wichtig. Ich sage auch immer, Personal ist bei „HealthCo“ zu wichtig, als dass man das der Personalabteilung übergibt.“
(11_German_Europe: P25)

In this sense the home-country-grown corporate culture translates very well to the host-country Germany. People are seen to make the difference in a market that has lost its entry barriers more and more in recent years and which gained attraction for its continuous importance (G-9; 27_Austrian_Switzerland: informal exchange). In principles there is a nice ground to build on. Still differences between management styles and some clashes of culture can be reported which are witnesses of difficulties in international management.

Interestingly interviewees of both nationalities find that their respective counterparts in the other country are more hierarchical and structured (e.g. 13_US_Global: P30; 12_German_Europe: P29). Our collected material was not enough to support either of the views. Conflict management is another topic that rises some differences between cultures. Conflict culture is perceived as being inexistent in the US whereas the Germans were much more open to address issues more directly. Different statements could be recorded related to this topic: *„Grundsätzlich ist unsere deutsche Kommunikation sachlicher, ernster, kritischer. Während in USA der Schwerpunkt in der Kommunikation auf den positiven Aspekten der Dinge liegt“* (10_German_Europe: P71).

„Die Amerikaner sind stark konditioniert nur positives zu sagen. ‚If you don’t say something positive, don’t say anything.‘ Da gibt es zu Deutschland schon einen typischen Kultur-Clash. Wenn die Amis etwas Negatives sagen, gelten sie als Fahnenflüchtige. In Deutschland gilt man bei nur positiven Aussagen als Lügner.“
(11_German_Europe: P44, P45)

Despite the perceived cultural differences, when it comes to implementation of instruments, measures, and tools to spread, measure, or promote the corporate culture no issues are reported to us in this respect. From the point of view of our proposed research framework we can find that the national cultural surrounding influences management styles and behavior and customs. Those are different from the host-country to the home-country although not influential enough to thoroughly shape the outcome of home-country initiated practices. Differences are perceived to be softly present.

Role of European HR headquarter

For the other areas of HRM practices in Germany discussed here above we could find an influential role of the European HR headquarter on the outcome of the practice transfer. This is not the case for instruments of corporate culture. The collected data did not supply any reference or evidence of the role of the European HR headquarters impacting the transfer of instruments in this area. This does not mean that there might not be any impact but simply our material did not bring such results up to surface. For the sake of completeness we included this section here.

Use of expats

Also owing to completeness we will not skip the section on “use of expats” within the HRM practices in Germany although we have no data to report here. As we have learnt from the respective section on the HRM practices in “HealthCo” US this instrument is not very elaborated within the organization.

We now turn to the answers to the top- and sub-line research questions. As in the previous sections we will depict those by bundled topics.

Summary

This summary deals with the research question as presented in the grey box here below.

- i.a. Are typical US HRM practices more standardized and formalized than HRM practices in Germany?*
- i.b. Are US HRM practices more performance and goal related, and more short term-oriented than HRM practices in Germany?*
- i.d. Is the corporate culture more formalized and important in an US environment than in European subsidiaries?*
- iii. How are HRM practices of US MNCs accepted in the host-country subsidiaries? To what extent are those practices adapted locally and why?*
- iii.a. What is the general acceptance of US HRM practices in foreign subsidiaries?*
- iii.b. Are US HRM practices adapted in foreign subsidiaries?*
- iv. What are typical German HRM practices in German companies?*
- v. How and to what extent are the HRM practices in subsidiaries in Germany of the examined US MNC influenced by the local circumstances?*
- iii.c. What is the impact of the (foreign) local institutional settings on US HRM practices?*
- iii.d. How do the institutional settings shape US HRM practices, or in other words what is the level of adaptation due to the local institutional settings?*
- iv.a. How does the system of co-determination influence the local German HR practices (in the US MNC)?*
- iv.b. How does the system of dual VET influence the local German HR practices (in the US MNC)?*
- iv.c. How does the presence of unions influence the local German HR practices (in the US MNC)?*
- iv.d. What other influences (host-country effects) do we detect in the present study?*
- v.a. What are the local institutional circumstances shaping HRM practices in Germany?*
- i.f. What is the influence of the micro-political games and the subsidiary roles on the HRM practices in US MNCs?*
- iii.e. What is the impact of micro-political games on the adaptation of US HRM practices in foreign subsidiaries?*
- iii.f. How does this impact shape the adaptation of US HRM practices in foreign subsidiaries?*
- iii.g. What is the impact of the role of the subsidiary on the adaptation of US HRM practices?*
- v.b. What are the micro-political circumstances shaping HRM practices in Germany?*
- v.c. How do the local actors shape HRM practices in the host countries?*
- v.d. What influence does the subsidiary role exert on the implementation of HRM practices in the host-country?*
- v.e. What are the power-resources of the foreign subsidiaries and how do they influence the outcome of HRM practices in the subsidiaries?*
- v.f. What other micro-political games do shape the implementation of HRM practices in the foreign subsidiaries?*

When it comes to instruments of corporate culture the question about standardization and formalization is difficult one. Given the fact that the corporate culture and the related tools such as mission statements and value promotional material tend to be set up in the US headquarters for good reason it is clear that the standardization and formalization lies with the home-country. We can say that the involvement into culture surveys the importance of culture and the topic of culture in general is approached more systematically in the US. This might be closely related to the fact that the Germans do not see culture as something that is

easily manageable. In this respect we are in line with existing literature (e.g. Barmeyer and Davoine 2011). When it comes to performance and goal relation as well as to short term-orientation culture is also a difficult subject to be assessed. What we have learnt is that corporate values in “HealthCo” are part of the yearly employee appraisal process in the US. The comparison of this aspect will follow in the next sub-chapter on “Performance Appraisals and Dialogue Systems in Germany”. Considered all the facts the approach towards cultural elements and corporate culture as a more formalized and standardized touch in the US with some logic-founded reasons present.

From our interviews we learnt that the acceptance of the tools, measures, and practices in the area of corporate culture is very high. This is founded in the general manner the values and cultural elements are formulated and the soft way the practices are rolled out. Nevertheless it would probably be exaggerated to talk about highest commitment to the tools given the fact that e.g. the culture survey was used as a medium to force other initiatives happen. But apart from this interlude we can claim for a nice acceptance even though some of the practices are not applied in the same regularity and intensity in Germany compared to the US (e.g. employee involvement). From a literature review point of view we have to state that our findings are softer in terms of adaptation of practices than suggested by other studies.

Discussing the institutional influence: Even though the co-determination rights in Germany would again deliver some arguments to possibly influence the transfer of HRM practices in the area of corporate culture our findings show that only in one case “HealthCo” Germany would make use of those rights. Nevertheless from what we have learnt from our interviews the institutional influence was exploited by micro-political acting in order to reach goals not related to the topic itself. We therefor refer to the next section here below for this aspect. Our study does not show any influence from dual VET or other institutional contexts on the transfer of instruments of corporate culture. Again a very soft finding compared to existing literature also in terms of institutional influence (Barmeyer and Davoine 2011).

Discussing actor-related influences: Results drawn from our interview series show that there is some agency power exerted on the transfer of HRM practices in the area of corporate culture. The example we refer hereto is the use of co-determination rights to block the participation in the culture survey by the works council that was used as a micro-political argument to skip the survey participation in 2012 in order to avoid bad results in the survey. By using legal/institutional arguments micro-political actors in management and HR were happy to see the participation in 2012 being skipped. Actors’ influence is less about the subsidiary role as such but more about a legal background allowing to enforce a certain behavior at a certain point in time. We would qualify this effect as agency power over resources and meaning. We have to be repetitive in the sense of pointing to soft findings in our study considering a micro-political engagement that shows some (Geppert and Williams 2006) behavioral variations.

Where for the other categories of HRM practices we could also find influences of the European HR headquarter located in Germany we have no evidence for their active role in influencing the transfer of practices in this area.

We conclude this sub-chapter 8.2.4 “Instruments of Corporate Culture in Germany” with the summarizing table here below before turning to the HRM practices of performance appraisals and dialogue systems in Germany next.

*Table 8.10: German HRM practices: instruments of corporate culture
(own compilation)*

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
Values and mission statements (incl. employee survey)	US origin of practices with global scope which is in general transferred without resistance; good reception of values and practices; exception on single occasions	Adaptation of practices in single occasions (non-participation in survey) due to institutional and actor-related reasons (hybridization)	Our study findings are supported by literature in the sense of examples of adaptation of certain practices in this area (Barmeyer and Davoine 2009, Talaulicar 2009), although not the same sort of adaptation	Institutional background in Germany (co-determination rights) building the ground for adaptation arguments (actor-related impact in meaning and power over resources)
Code of conduct	US background of practice and instruments; transferred to Germany	No adaptation whatsoever of these practices to our knowledge	Our literature review suggests that there could be adaptations to the practices around the corporate code of conduct (Barmeyer and Davoine 2009, Talaulicar 2009)	Although again the German co-determination rights would represent a possible barrier no transfer impacts could be found; sensible topic with culture being a topic to emotional exposure and possible actor-related interventions, but still no barrier found
Community service and employee involvement	Practices very much rooted in cultural background of the US (Jacoby 1991) – practices being transferred from the US to Germany	Adaptation of practices visible in the sense lower intensity and frequency of practice realization but not content-wise (hybridization)	No specific literature findings	Possible barriers to be rooted in actor-related interventions (power over meaning) – indeed actors' influence lowers the magnitude of how the practice is eventually applied
Workforce diversity	Practices applied in the US with "HealthCo" being business partner to US government, not transfer intention at all – not	n/a	n/a	n/a

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
	applicable in Germany			
Other aspects of corporate culture	Employee appreciation and involvement are key elements brought into the organization by the US standards which are spread to Germany – generally a good fit with the business model	Mutual respect for cultural differences; management style and practices remained German in Germany; adaptation to local context	Perception of cultural differences present is supported by our findings in the desk research (Barmeyer and Davoine 2009; Talaulicar 2009)	Cultural differences present between home-country and host-country; too soft to shape HRM practices but strong enough to shape management styles
Role of European HR headquarter	No evidence data	n/a	n/a	n/a
Use of expats	Rarely practiced by the US, not practiced by Germany	n/a	n/a	n/a

8.2.5 Performance Appraisal and Dialogue Systems in Germany

In this section we will assess the performance appraisal and dialogue systems and all related practices to these aspects for Germany. As we have done throughout this dissertation so far we will compare practices from the US to Germany by first, describe the actual practice in Germany, second, see if there are any adaptations or if the practice is fully adopted, third, describe the reason for either case, fourth, assess the practices against our research framework. To conclude the sub-chapter we will again have a summary section including a table to give an overview on the major findings in our study. We start this assessment with the appraisal system for the employee level of MD-2 (i.e. “HealthCo” employees reporting to MD reports or below).

Performance Appraisal: MD-2 and below system

In the big lines the system in Germany looks the same to the system in the US in terms of having two different appraisal systems in place. A rather simple system for all direct reports to the Managing Directors – we will refer to this system in the next section – and a system for direct reports to MD reports or below. But whereas in the US the performance appraisal system can be qualified as being a real appraisal process including also parts related to merit pay increases and other aspects (see sub-chapter 8.1.5 “Performance Appraisal and Dialogue Systems in the US”) the German or more precisely the European form for MD-2 and below employees is of a much softer approach. The system, instrument, and practice in place in Germany (and also Switzerland as we will learn later in this dissertation) has been developed by the European HR headquarter in collaboration with the German HR team (4_German_Germany: P47; 5_German_Europe: P24). So we have a different system in place, fact. The “European” form (not used in all European countries, as we will find out for France in the respective sections to come) includes different sections enfolding e.g. corporate values, teamwork assessment, knowledge and skills assessment, development perspectives, training needs, and also the possibility to get a personal development plan, etc., to be discussed in a dialogue between the manager and the employee (G-7; document).

The protocol foresees a dialogue to be held between the manager and his/her report once a year, although this is not strictly followed by all managers – depending on timely resources, the importance they attach to the tool, and the assertiveness of the employee being eager to have a dialogue (5_German_Germany: P25). Once the dialogue has been held the form is signed by the employee, the manager and the manager's manager and handed to HR to monitor the results and follow up on necessary actions.

How comes there is a European dialogue form being used instead of the home-country standard? Interestingly the practice of having an appraisal or dialogue system came in fact from the States. Before becoming part of "HealthCo" the German subsidiary did not have such a system in place. But the European HR headquarter decided to develop a more "European" version of the US appraisal form that would have caused some cultural conflicts in the European context (9_German_Europe: P9). Our data shows that the European HR team feared that employees who are not exposed to an international business world on a regular basis would not understand the principles and logics in the US appraisal form. This was the main argument for them to develop an own tool to address the situation. Furthermore for Germany the dialogue form needs also an approval by the German works council (Betriebsverfassungsgesetz³²). Even though the intention of the US team to transfer their tool abroad the European team still got away with an own form to be used as still more importance is attached to a dialogue to be held and the employees feeling comfortable with instead of "Americanize" a system that would eventually lead to conflict. Additionally the European/German version of the employee dialogue is not directly relevant for pay increases.

This is a very prominent example of the European HR HQ to act as political agent in the transfer process of the practices with agency power exerted on processes and meaning. Another micro-political process in this respect is also the ignorance of the protocol (one dialogue per employee per year) by some managers. They exert their micro-political power over resources (time) and meaning (importance they attach to the tool). We next turn to the MD-1 form, i.e. one hierarchical level further above.

Performance Appraisal: MD-1 and above system

Whereas the performance appraisal for MD-2 "HealthCo" employees has been rather strongly adapted the appraisal system for MD-1 has not. This is closely related to the argumentation of the European HR team that employees with exposure to international business and a more American way of doing business can cope with a system that stems directly from another cultural background (11_German_Europe: additional data exchange). Therefore this practice does not undergo any adaptation in Germany from a macro- or micro-induced factor (this is not the case for Switzerland as we will learn later on). For details related to the form and process of the MD-1 practice we therefore refer to sub-chapter 8.1.5 "Performance Appraisal and Dialogue Systems in the US".

By the look through the lens of our research framework we can state that neither an institutional nor an actor-related filter would influence the transfer of this very practice.

360° feedback

In fact the 360° feedback tool is not consequently transferred to Germany. It finds application on European management level but according to our knowledge the practice has not been transferred to the European subsidiaries. Our data do however not show specific reasons for the lack in transfer.

Role of European HR headquarters

As described by the example of the transfer of the MD-2 form from the US to Germany the European HR headquarter qualifies again for an important micro-political actor role exerting power over resources, processes, and meaning. The lack of standardization and the adaption of the US home-country tool in Europe is clearly influenced by the European team

³² <http://dejure.org>

that collaborated closely with the German HR team for the development of a European instrument (4_German_Germany: P47; 5_German_Europe: P24). We will not repeat the details as outlined in the section here above but we still want highlight the impact and influence the European HR headquarters can have in the transfer process. In our research framework we clearly refer hereto as a micro-political effect with agency power over resources and meaning. In terms of models and roles we would qualify the European HR headquarters' position as being multi-domestic in the case of performance appraisal and dialogue systems with a facilitator role of having an adapted tool implemented for the MD-2 level.

We next turn to our sub-chapter summary with giving answers to the research top- and sub-line questions and the part will be concluded with table 8.11 "German HRM practices: performance appraisal and dialogue systems".

Summary

This summary concludes the sub-chapter on performance appraisal and dialogue related HR tools in Germany. As for the previous sub-chapters the following grey box outlines the research questions this sections seeks answers to.

- i.a. Are typical US HRM practices more standardized and formalized than HRM practices in Germany?*
- i.b. Are US HRM practices more performance and goal related, and more short term-oriented than HRM practices in Germany?*
- iii. How are HRM practices of US MNCs accepted in the host-country subsidiaries? To what extent are those practices adapted locally and why?*
- iii.a. What is the general acceptance of US HRM practices in foreign subsidiaries?*
- iii.b. Are US HRM practices adapted in foreign subsidiaries?*
- iv. What are typical German HRM practices in German companies?*
- v. How and to what extent are the HRM practices in subsidiaries in Germany of the examined US MNC influenced by the local circumstances?*
- iii.c. What is the impact of the (foreign) local institutional settings on US HRM practices?*
- iii.d. How do the institutional settings shape US HRM practices, or in other words what is the level of adaptation due to the local institutional settings?*
- iv.a. How does the system of co-determination influence the local German HR practices (in the US MNC)?*
- iv.b. How does the system of dual VET influence the local German HR practices (in the US MNC)?*
- iv.c. How does the presence of unions influence the local German HR practices (in the US MNC)?*
- iv.d. What other influences (host-country effects) do we detect in the present study?*
- v.a. What are the local institutional circumstances shaping HRM practices in Germany?*
- i.f. What is the influence of the micro-political games and the subsidiary roles on the HRM practices in US MNCs?*
- iii.e. What is the impact of micro-political games on the adaptation of US HRM practices in foreign subsidiaries?*
- iii.f. How does this impact shape the adaptation of US HRM practices in foreign subsidiaries?*
- iii.g. What is the impact of the role of the subsidiary on the adaptation of US HRM practices?*
- v.b. What are the micro-political circumstances shaping HRM practices in Germany?*
- v.c. How do the local actors shape HRM practices in the host countries?*
- v.d. What influence does the subsidiary role exert on the implementation of HRM practices in the host-country?*
- v.e. What are the power-resources of the foreign subsidiaries and how do they influence the outcome of HRM practices in the subsidiaries?*
- v.f. What other micro-political games do shape the implementation of HRM practices in the foreign subsidiaries?*

Without any doubt the standardization degree in the US is very high when it comes to performance appraisals and dialogue systems. The international standardization as we have learnt has a kink typically when it comes to the transfer of the practices into Europe and Germany in specific – supported by findings from our desk research (Almond et al. 2005). Comparing only the two countries of Germany and the USA we would also find a high standardization and formalization of the practice in Germany but with an own-developed instrument. From our data we can also pull that the fulfil rate of having the appraisals and dialogues done is higher in the US than in Germany. This would back the assumption of

higher standardization of programs in the US. Indeed the content of the appraisal forms speaks also for a more performance- and goal-oriented approach in the US compared to Germany (Geary and Roche 2001, Colling and Clark 2002) where the performance assessment is less prominent in the forms and the goal achievement is only marginal. With both forms including training and development measurement for “HealthCo” employees we could not state which approach is more long- or short-term oriented.

Findings in these aspects of acceptance and adaptations are mixed. On the one hand we could state that the acceptance of the US tools is not too high because the European HR team together with the German HR team have developed their own instrument to be applied in Europe. The US tools are definitely exposed to a high degree of adaptation. On the other hand the acceptance of the tools seems high for employees who are regularly exposed to the international part of the business.

To our knowledge there were no institutional influences having a major impact on the transfer outcome of practices in the area of performance appraisal and dialogue systems. Even though the institutional pre-conditions were given with co-determination rights to enable the works council to have a say on the forms and instruments of the appraisals and dialogues no such effect could be filtered out from our data. Much more actor-related influences were present to which we refer here below. Thus no direct supporting effects could be spotted in our literature review.

Actor-related influences were clearly present in the transfer of appraisal and dialogue systems from the US towards Germany. The European HR headquarters together with the German HR team have developed a “European” dialogue system that has a softer approach and is less performance-oriented than the US version. The European HR headquarters obviously played its influence on meaning and resources to introduce a system being different to the US home-country version. When it comes to the application of the system and sticking to the European protocol the German managers also exert their influence on conduction the dialogues or not according to their preferences (actor’s meaning) or timely resources (actor’s resources). No other micro-political effect could be pulled out of our collected data. Again this would be in line with models proposed by Lasserre (1996) and Schütte (1996).

The below table 8.11 “German HRM practices: performance appraisal and dialogue systems” gives also a summarizing overview on the findings in their HRM area of our study.

Table 8.11: German HRM practices: performance appraisal and dialogue systems (own compilation)

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
Appraisal system MD-2 and below hierarchical levels	Originally US practice to be transferred to Germany (Europe); adaptation of practice and form by European HR HQ; initiative started in the US	Adaptation of both form and application; European HR has developed an own tool together with the German HR team; practice is also adapted by German managers not	Literature support found (Almond et al. 2005) for adaptation of the home-country form	Typical micro-political process with actors (European HR and German managers) exerting influence on form and application respectively; transfer outcome clearly impacted

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
		following the protocol		
Appraisal system MD-1 and above hierarchical levels	Practice and instrument developed in the US and exported to Europe	No adaptation; the appraisals on MD-1 level seem to be fully adopted	With the desk research focusing on host-country effects no supporting findings for a full adopted practice is included in our dissertation	Neither institutional nor micro-political influence on the transfer outcome was detected
360° feedback	US practice with moderate transfer intention; not transferred to Germany to our knowledge	No transfer occurred – no further data available	n/a	n/a
Role of European HR headquarter	European HR headquarter to exert agency power on transfer of practices (appraisal form MD-2) or decides not to intervene (appraisal form MD-1)	Adaptation of the practice (form and content of instrument)	Literature support found (Almond et al. 2005) in terms of adaptation of practices – no specific support found for the role of a European Headquarter intervening	Agency power over meaning and resources exerted by European HR headquarters – facilitator role with multi-domestic mind-set for this HRM area

8.2.6 Other HRM Practices and Effects in Germany

Anti-unionism

First of all we have to state that in “HealthCo” US no such practice as “anti-unionism” is followed (G-10; observation). Interestingly in Germany we can report no union presence for “HealthCo” (5_German_Germany: P33; 11_German_Europe: P49). Even if done on a voluntary basis the German management still looks at the industries collective agreements to have some benchmark figures that are also used in discussions with the German works council (G-10; observation). This finding would not reflect the typical US approach as expected from our desk research (see e.g. Muller 1999). By the look from the proposed research framework we can see that the institutional context would not restrict the practice to be realized as such.

Mobility

International mobility is a HR practice that is not very developed in “HealthCo” Germany. There is mobility within the country but no specific data could be collected regarding this practice with the exception of national mobility being included in the team development meetings as one of the discussed topics (11_German_Europe: P72). With the data collected and the practice being not very distinctive we will not enter into more detail of discussion for this aspect.

Dismissals

Dismissals are another topic for which not much data could be collected. Clearly the institutional frame in Germany with much protection for employees is present. But during our interviews and data collection phase the topic did not emerge to be very prominent (4_German_Germany: P54). The topic is being described as to be assessed from case to case and examples are mentioned of working together with the German works council to find solutions for dismissal situations; in one case this collaboration would even lead to avoidance of a mass redundancy situation in Germany (G-11; 11_German_Europe: observation / informal exchange). Even though it is reported to us that in cases of dismissals the main question always remains the monetary indemnity of the employee we could not further elaborate this topic (5_German_Germany: P46). No detailed data with strong validity could be collected. Therefore no assessment against literature findings takes place.

HR information system

The implementation of the HR information system has been influenced by the German co-determination rights. The implementation of a system that would exchange sensible data with the US needs both approval from the works council and solutions being in line with the legal frame in Germany. During the presentation of the tool to be implemented the German works council has always been informed and kept up to date by the German project team and was even directly linked with the US project manager in charge of rolling out the information system globally (Observation: notes P88; 17_US_Global: P25; 4_German_Germany: P21). Thus, this practice is clearly impacted by the German institutional frame. For the implementation of the recruiting and talent management tool “Select” which is also a HR information system the German works council was also involved in the setup and implementation phase of the project and as we have learnt earlier certain co-determination rights as information rights could be handled directly with the system which led to a convenient solution for the works council eventually (see sub-chapter 8.2.1 “Recruiting and Selection Practices in Germany”).

By the look through the lens of our research framework we can state that the institutional surrounding in form of the German co-determination rights have an impact on the process and outcome of the transfer of HR information practices. This is a general effect that would also be supported by findings of our desk research (see e.g. Muller 1999).

Budgeting

The budgeting process is clearly steered by the US and the deadlines the company has to present its budgets to the public along with the achievement of the financial results. The process is very strict and well defined and fully adopted by Germany (13_US_Global: P39). The main differences that are perceived between the US and the German approach is the importance of the quarterly financial results that count as much as the yearly achievements (4_German_Germany: P49). By the look from our research framework we can analyze that the US-home market is responsible for budget accuracy towards the investors at the stock market and therefore much importance and a very strong transfer intention is attached to this topic. No institutional or cultural frame would prevent the practice to be adopted.

Relations to headquarter

The relations of the German HR to the headquarters is somewhat summarized in sub-chapter 7.6 “Summary and Overview of International Setup”. With the European HR headquarters being located in the same offices as the German HR team a very strong and direct relation between both is established. There is some contact from Germany that goes directly to the US but this is more related to some special projects or functioning of the daily work. In general the reporting line goes from Germany to Europe (Germany). This very close relationship would also make up for the European HR team to advocate the German team in certain situations and to play the role of a political actor for the US to when it comes to enforce some practices in Germany. According to one of our interview partners the proximity in space and nationality (most members of the European HR team are of German nationality)

leads to the situation that Germany is used as a “test market” for the implementation of certain practices from the US (12_German_Europe: P48). Whereas for other practices the UK market is used due to less language barriers between the US and UK (EU-29: observation). Again we can state that this is a clear example of micro-political games and agency power exerted in an international context when referring to our research framework. In summary for the context of the German “HealthCo” business the European HR HQ takes a facilitator role with much sensitivity for local circumstances and signaling commitment for the local market. With many team members of the RHQ being of German nationality a certain attitude, stance and sympathy for the German context seems a given with a transnational to multi-domestic position being lived.

Summary

This summary on the transfer of „other“ HRM practices from the US to Germany will be led by responses to the following research questions as displayed in the grey box here below.

- i.a. Are typical US HRM practices more standardized and formalized than HRM practices in Germany?*
- i.b. Are US HRM practices more performance and goal related, and more short term-oriented than HRM practices in Germany?*
- iii. How are HRM practices of US MNCs accepted in the host-country subsidiaries? To what extent are those practices adapted locally and why?*
- iii.a. What is the general acceptance of US HRM practices in foreign subsidiaries?*
- iii.b. Are US HRM practices adapted in foreign subsidiaries?*
- iv. What are typical German HRM practices in German companies?*
- v. How and to what extent are the HRM practices in subsidiaries in Germany of the examined US MNC influenced by the local circumstances?*
- iii.c. What is the impact of the (foreign) local institutional settings on US HRM practices?*
- iii.d. How do the institutional settings shape US HRM practices, or in other words what is the level of adaptation due to the local institutional settings?*
- iv.a. How does the system of co-determination influence the local German HR practices (in the US MNC)?*
- iv.b. How does the system of dual VET influence the local German HR practices (in the US MNC)?*
- iv.c. How does the presence of unions influence the local German HR practices (in the US MNC)?*
- iv.d. What other influences (host-country effects) do we detect in the present study?*
- v.a. What are the local institutional circumstances shaping HRM practices in Germany?*
- i.f. What is the influence of the micro-political games and the subsidiary roles on the HRM practices in US MNCs?*
- iii.e. What is the impact of micro-political games on the adaptation of US HRM practices in foreign subsidiaries?*
- iii.f. How does this impact shape the adaptation of US HRM practices in foreign subsidiaries?*
- iii.g. What is the impact of the role of the subsidiary on the adaptation of US HRM practices?*
- v.b. What are the micro-political circumstances shaping HRM practices in Germany?*
- v.c. How do the local actors shape HRM practices in the host countries?*
- v.d. What influence does the subsidiary role exert on the implementation of HRM practices in the host-country?*
- v.e. What are the power-resources of the foreign subsidiaries and how do they influence the outcome of HRM practices in the subsidiaries?*
- v.f. What other micro-political games do shape the implementation of HRM practices in the foreign subsidiaries?*

By our analysis the US procedures and practices are somewhat more standardized and formalized than the German practices with the exception of the dismissal processes. With this we are in line with general findings on the standardization issue (e.g. Almond et al. 2005). As we will see for France the externally induced processes look to be more standardized for France but the internally developed processes seem to be more standardized and formalized in the US. From the set of practices we have analyzed in this section we cannot make a statement on goal-orientation or short-termism.

Generally spoken there is a good acceptance of practices analyzed in this section with the budget process being the most prominent example of transferred guidelines in place. Given the importance of this very practice in the context of the financial linkages of the company to the NASDAQ there is not much freedom given to the host-countries for adaptation. Other practices such as mobility and anti-unionism are not on the export-priority-list in the US and more freedom for interpretation is accorded to the subsidiaries in the European markets. We have no specific findings here in the literature review for comparison.

The one institutional feature that stands out is the co-determination rights in Germany that influences apparently the implementation process of the HR information system. But neither dual VET nor unions (not present) would have an impact on the outcome of transfer of practices for the set analyzed in this section. The dismissal process is again regulated by Germany law and differs from the US approach to it. No material for comparison from literature.

To have this summary short we can simply conclude that no actor-related influences could be filtered out for the case of Germany given the set of practices analyzed in this section. The following table summarized the situation in Germany before we turn to France for the analysis of practices in the second host-country.

*Table 8.12: German HRM practices: other HRM practices and effects
(own compilation)*

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
Anti-unionism	No anti-unionism practiced – although no union presence in Germany	No practice transferred from the US to Germany – therefore n/a	From desk research we would have expected to have some union presence and a topic to discuss – not the case	Institutional frame does not foresee union presence – strong co-determination rights does not include this aspect
Mobility	Not developed	n/a	n/a	n/a
Dismissals	Dismissals are strongly related to indemnity negotiations – practice very much influenced by local institutional setting and not similar to home-country	Adaptation of home-country practice by institutional requirement	No specific data available	Institutional frame with dismissal protection leads to certain shape of dismissal practices
HR information systems	Originally US practices to facilitate data exchange – Germany to adopt practice in general to facilitate daily work	Outcome of the transfer is not impacted (with some minor exceptions as to fulfil information right requirements of works council in Germany) –	Similar examples to be found in literature (see e.g. Muller 1999)	German co-determination rights influencing the process of the practice transfer but much less (insignificant) the outcome of the practices

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
		transfer process heavily influenced with works council involvement		
Budgeting	Budgeting process and practice originally US with much focus on quarterly results – strong transfer intention by US	Full adoption of the process with much focus attached by the US	No specific findings	Framework proposes the home-market surrounding and financial resources to be the trigger of a very strong transfer intention and implementation monitoring
Relations to headquarter / Role of European headquarter	Proximity (location and nationality) of German HR team to European HR team	Leads to close collaboration and focused transfer of practices from US to Germany but also to advocated interests of German team by European HR team	n/a	Clear effect related to agency power and political actors in our research framework – in general RHQ takes a facilitator's role with a transnational position tending to be even multi-domestic

After having concluded the part on analysis and practices of the transfer of HR practices from the US to Germany we will next turn to the same analysis for the country of France following the same protocol and analysis approach.

8.3 Analysis and Results of the HRM Practices in the Host-Country France

With the same approach as for the HRM practices for the “HealthCo” subsidiary in Germany we will take on the HRM practices in France. Again we will proceed by HRM area with an analysis first describing the implemented practice in terms of adaptation and adoption in the host-country France and displaying the background of the practice. Further we will analyze the transfer outcome by the help of our proposed research framework and the role played by the European HR headquarters also referred to as RHQ (regional headquarter). We start with practices in the area of recruiting and selection.

As a preliminary comment we have to state that the fund of results of our desk research is not as rich in content as for the example of Germany where much more literature is existing.

8.3.1 Recruiting and Selection Practices in France

Impact of French educational system on recruiting and selection

We have learnt through the analysis of the French NBS system (see sub-chapter 4.3.1 “The French NBS”) that the educational system in place in France is embossed by an elitist approach where students are gradually filtered out of a promotional system that sees only a so called “elite” to have access to the best universities in the country. Indeed this is confirmed to us by our interview partners but apparently “HealthCo” is not big enough in presence in France for attracting “elite students” from “elite universities”. It is also a question of reputation for the students and a question of budget as explained to us (F-2: 3_French_France: informal exchange). In fact even these circumstances do not directly affect any practice aimed to be transferred from the US to France the educational system still has an impact on the recruiting and selection practices being applied in “HealthCo”-France, similar to the system of dual VET in Germany.

Impact of works council or unions on recruiting and selection

We include this section here for the sake of completeness compared to effects we have found in our other host-countries, i.e. Germany for this example. Although in contrast to Germany we find union presence in “HealthCo” France an impact of the unions on the recruiting and selection processes could not be substantiated. In general the works council (comité d'entreprise) and the unions are described as being rather symbolic and weak in power compared to the German analog when it comes to real impact on practices. Still the unions and works council is listened to and consulted for information rights and practical reasons. Their influence is mostly sensed in the coordination and alignment of internal and external communication. These influences and affections are not only valid for recruiting and selection practices but count as a general rule of operation in France we will refer to at the respective point in the analysis to follow.

“Nous avons une obligation de parler aux syndicats et de demander leurs avis. Mais la vision juridique c'est quand-même que l'on peut faire ce que l'on veut. On donne des informations, ça oui. La vision réelle est un peu différente. Il faut réfléchir à ce qu'ils disent.”
(3_French_France: P19)

„Une influence énorme est exercée sur la communication. Nous devons faire attention à ce que nous disons, écrivons et comment on le fait. [...] Bien sûr que nous adaptons un petit peu les communications modèles qui viennent des Etats-Unis.”
(2_French_France: P35)

Basically no clear impact from unions or works councils could be found.

Personality tests

From the analysis in the US home-country practices we know that the transfer intention for personality tests is moderate to strong. This is explained with the recruiting processes at director levels involving normally the US team for interviews, which asks for personality tests to be taken by candidates. For the recruiting processes only being passed in the host-country without US involvement no monitoring of used tools is carried out (see sub-chapter 8.1.1 “Recruiting and Selection Practices in the US”). In France we would find out that on managerial level the personality tests are being carried out. The reasoning for the application of the tool is interesting. Although the involved actors do personally not believe in the added value of the tests they would still do it in order to have a common language spoken with the home-country in recruiting and selection processes. On the other side our interview partners

in France stated that they would not go into proper “candidate screening” processes as required by some US companies because this would cause challenges in the French context.

“Les tests psychologiques (PI/PLI) nous les faisons. Personnellement je n’y crois pas trop, mais on se force à les faire au niveau des manager, mais pas pour les autres. Nous nous forçons à les faire parce que c’est un langage commun du groupe et ça ne coûte pas.”
(3_French_France: P65)

In fact this is interesting as it shows an actor-related effect with agency power over processes, meaning, and resources. Although no institutional effect would back a political action for blocking out the practice (works council and unions restricted to information rights) it still shows the actor’s mind-set to share a common language with the colleagues in the US in the recruiting processes. Bottom line we can consider the applied practice as falling into the category of hybridization.

Long recruiting process – only for directors and above

Similar to the results from interviews in the US and Germany also our interviewees in France report long recruiting processes for employees on director and higher hierarchical levels. France follows the protocol defined in the US for positions of a certain status (adoption of the practice) but creates its own process for candidates not being sent to interviews on international level (see also figure 8.5 “Recruiting process for candidates of “Director and above” status”). Reportedly France has lost candidates due to the long recruiting process in the past (2_French_France: P13). The process as being given by the home-country is also seen as typical US-based and an “over-the-top” approach for certain positions (3_French_France: P66). By the look through the lens of the framework we cannot detect any institutional feature that would serve as a barrier or an argument for the HR team in France to adapt the process or practice. This is why the transferred practice is considered fully adopted without any contrary reporting from interview partners. No specific findings in literature on the presence of long recruiting processes resulted from our desk research.

Diversity

Again for completeness reasons this aspect to be considered in recruiting and selection in the home-country is also shortly discussed here. In sub-chapter 8.1.1 “Recruiting and Selection Practices in the US” we have seen that due to the fact that “HealthCo” is a business partner to the US government diversity plays a central role but the practice is not on the transfer priority list. We have to state that there were no findings about diversity in France from our field work which we deduce from the lack of any institutional, cultural, or micro-political features influencing this very topic in France to have a special outcome. Neither could we find any contribution in our desk research.

Software implementation

The recruiting and talent-management software “Select” was brought into play by the HR team in the home-country US. The roll out should have been global with the respective local markets to budget for the tool and its implementation. For more details on the background of the project we refer here to the sub-chapters on recruiting and selection practices in the US (8.1.1 “Recruiting and Selection Practices in the US”) and Germany (8.2.1 “Recruiting and Selection Practices in Germany”). In France we can state that the software has not been implemented although we would classify the transfer intention by the US as being strong (11_German_Europe: P39). Although the quality and merit of the software was not questioned it was simply a matter of proportionality assessing the possible advantage and the financial burden of having such a system run in France.

“[...] Evidemment à l’exception de 2 ou 3 pays le système n’a été implémenté nulle part. Les coûts pour le système étaient assez élevés. Et il faut absolument délivrer les résultats financiers. Ce qui s’est passé était logique. [...] un système tellement énorme pour gérer 20 candidatures par an. On ne le mérite pas.”
(3_French_France : P47, P48)

The major issue with the implementation of the software was apparently related to the budgeting approach. In fact the intention for the global roll-out was very strong but the countries had to budget for it individually. For France the tool and investment looked an over-kill given the local needs. In the budgeting phase the tool was one of the first budget items to be swept away (F-3: 3_French_France: informal exchange).

Two aspects to consider here. First, the RHQ in Germany has assisted the German team in the implementation of the tool but has not insisted in France for the implementation to be carried out. This is an interesting observation and can be traced back to the international setup we have described earlier in this dissertation. For the further analysis of practices to follow hereafter we will touch upon this aspect again. Second, with this practice we have a nice example of agency power being displayed. Typically the French HR team has a power position over resources (budget), processes (budget process and implementation process for certain local items), and meaning (assessment of proportionality). To our knowledge there were two strategies of the French team for not adopting the practice and to defend their position against the US or the regional headquarter. First, the topic was never proactively raised by the French – ignoring tactics. Second, when defending the non-implementation budget reasons were the main driver. Even if this is a plausible approach and might be 100% valid and comprehensive in the French context it remains interesting that an argument for which a common language (“budget”, “operating expenses”, etc.) exists will eventually lead to the block-out of a certain practice (F-3: 3_French_France: informal exchange). Unfortunately, as scientific literature on HRM practices being transferred to France is not extensive we cannot claim for any support from this aspect.

Headcount / hiring freeze / job approval

As described above in this dissertation the topics of headcount, hiring freeze, and job approval are strictly formalized processes within “HealthCo”. Headcount brings along a monthly report handled by the finance or HR team. Hiring freezes are outspoken every now and then in order to guarantee financial results. Job approvals undergo a well-defined process within the company throughout all countries. For more details see the respective sections about analysis and results practices in the US and Germany.

Whereas we can state for the big majority of times the rules and policies in these areas are followed we could still find some micro-political effect in France when it comes to a job approval and headcount increase. In order to increase the workforce in the local team a maternity leave was used to bypass a formal approval process. A temporary replacement for an expectant mother has been kept in the company after return of the primary job holder for terminating projects the replacement had been working on. It was communicated as an extension for 3 month but the person remained in the team beyond this period (3_French_France: P63).

“Normalement c’est tout standardisé. Il faut avoir l’autorisation pour un recrutement. J’ai demandé d’ajouter un poste dans l’équipe RH en France. Cela a été refusé. Mais, il me fallait une personne de plus. Ma collaboratrice est ensuite partie en congé maternité. Cela m’a donné l’opportunité d’avoir un remplacement pour ce temps. Quand la collaboratrice est revenue de son congé nous avons décidé de garder l’autre personne pour la durée de 3 mois pour terminer les projets sur lesquelles elle a travaillé. Elle est toujours là aujourd’hui, au-delà des 3 mois. En fait des fois il faut mettre les gens face à des faits accomplis.”
(3_French_France: P63)

This actor-related effect is not backed by any institutional features considered to be France-specific. It can be classified a pure micro-political effect and circumvention of formalized and standardized practices with power over processes and resources (expenses for additional position) laying with the local actor. As in general the US standards are followed we this political game as a sort of hybridization of the practice that is more of a temporary phenomenon.

Role of European HR headquarter

In contrast to the analysis of the German practices in general (but also valid for recruiting and selection specifically) the role of the RHQ never really played a predominant role in the transfer of practices. The source of information for the transfer of practices to Germany was much richer within the RHQ than when questioning the same team about France. From the international setup as presented (see sub-chapter 7.6 “Summary and Overview of International Setup”) we can draw that the ties between the RHQ and France are much less pronounced than for the case of Germany. Again, the team of the European HR headquarter is predominantly composed by people of German nationality with a working spot directly located next door to the German HR team. With this setup and the confirmed little influence of the RHQ on the outcome of practice transfer to France in our interviews we have to assume a much higher exposure of France to the home-country headquarter and its influence and monitoring. It remains the question of the level of detail this monitoring and contact can be established by the US given the geographical distance between the countries and without any specific HR manager being assigned to control and monitoring. In this sense we qualify the role of the RHQ for France as being the one of an initiator with having stronger alliances to the US than interest for local responsiveness. Therefore RHQ acts as a global RHQ rather than as a Transnational RHQ for France from what we can draw from the recruiting and selection findings.

Summary

This summary section on recruiting and selection processes and practices found in our investigation for the country of France deals with the following research questions as listed in the grey box here below.

- i.a. Are typical US HRM practices more standardized and formalized than HRM practices in France?*
- i.b. Are US HRM practices more performance and goal related, and more short term-oriented than HRM practices in France?*
- iii. How are HRM practices of US MNCs accepted in the host-country subsidiaries? To what extent are those practices adapted locally and why?*
- iii.a. What is the general acceptance of US HRM practices in foreign subsidiaries?*
- iii.b. Are US HRM practices adapted in foreign subsidiaries?*
- iv. What are typical French HRM practices in French companies?*
- v. How and to what extent are the HRM practices in subsidiaries in France of the examined US MNC influenced by the local circumstances?*
- iii.c. What is the impact of the (foreign) local institutional settings on US HRM practices?*
- iii.d. How do the institutional settings shape US HRM practices, or in other words what is the level of adaptation due to the local institutional settings?*
- iv.e. How does the educational system in France influence the HR practices (in the US MNC)?*
- iv.f. How and to what extent are the HR practise in France (in US MNCs) influenced by collective bargaining?*
- iv.d. What other influences (host-country effects) do we detect in the present study?*
- v.a. What are the local institutional circumstances shaping HRM practices in France?*
- i.f. What is the influence of the micro-political games and the subsidiary roles on the HRM practices in US MNCs?*
- iii.e. What is the impact of micro-political games on the adaptation of US HRM practices in foreign subsidiaries?*
- iii.f. How does this impact shape the adaptation of US HRM practices in foreign subsidiaries?*
- iii.g. What is the impact of the role of the subsidiary on the adaptation of US HRM practices?*
- v.b. What are the micro-political circumstances shaping HRM practices in France?*
- v.c. How do the local actors shape HRM practices in the host countries?*
- v.d. What influence does the subsidiary role exert on the implementation of HRM practices in the host-country?*
- v.e. What are the power-resources of the foreign subsidiaries and how do they influence the outcome of HRM practices in the subsidiaries?*
- v.f. What other micro-political games do shape the implementation of HRM practices in the foreign subsidiaries?*

First we would state that US practices are more formalized and standardized than the practices in France. This can be spotted by the amount of practices applied in the US but not transferred to France, completed by the set of practices that are transferred. With personality tests and long recruiting processes being in place the US sets a pattern for a certain employee level in recruiting to be respected as a process. Diversity plays a role in the US. Although there is no intention to have this aspect transferred to European countries it is still an aspect that brings a certain level of formalization into the US process. Another indicator is the software based solution implemented in the US but refused in France which is a nice example of the standardization gap between the countries. With headcount

practices, job approval processes and hiring freezes other elements of standardization are valid also in France but as our examples show this protocol is not always followed which we can also interpret as a sign of less formalization/standardization in the host-country France. Furthermore the institutional impacts such as the educational system (elite institutions) and the works council and union presence did not show any impact on recruiting and selection practices in France in our study, a result that is slightly different from the findings in the German context. This in fact is supported by findings from Gooderham et al. (1999) for instance. All in all we can claim for a US approach that is definitely more standardized and formalized than the French approach. This is in fact what we expected to find according to our literature review as presented in this study as well (Pulignano 2006). However we cannot make a statement on goal relatedness or short-term orientation when it comes to recruiting and selection. These aspects will gain in importance for practices discussed later on.

For France we have found some adaptation examples or even cases where a practice from the US has not been transferred at all. We can state that the general acceptance in France is lower than for what we have found in Germany. It remains to be discussed in how far the presence of the regional HR headquarter in Germany plays a role. But for the set of practices we have analyzed the adaptation rate is higher in France. On the one hand side the protocol for personality tests and long recruiting processes is followed where requested, on the other hand side the acceptance for the recruiting software implementation and certain formal processes in job approvals and headcount is low. It is difficult to conclude general skepticism from the examples found but still the adaptation rate is higher in our findings in France than in Germany. The reasons for the higher adaptation rate in France were found to be actor-related rather than institutional founded as proposed in literature by the group of researchers around Dörrenbächer and Geppert (2011). The analysis needs to be continued for other HRM areas while enfolding the role of the RHQ before pulling out general conclusions.

As for the influence of the institutional context on the transfer of practices from the US to France we have to state that our study shows no major findings and thus is in line with Gooderham et al. (1999). This is different from the German case we have analyzed above in the respective sub-chapter (8.2.1 Recruiting and Selection Practices in Germany). This finding is interesting but would be backed by some of the statements we could record in our interviews:

“L’image que les étrangers ont de la France au niveau du monde du travail c’est les grèves des transports et la force des syndicats. Mais les syndicats et les comités d’entreprise par exemples sont plus difficile à travailler avec en Allemagne qu’en France.”
(3_French_France: P17)

It remains to be seen whether this general comment on the institutional influence comparing Germany to France account for all other HRM areas or not. For recruiting and selection the influence could not be detected in our study.

We have learnt from the part above that the institutional impact in France on the transfer of recruiting and selection practices from the US to France was not visibly present and could not be detected in our research findings. However when it comes to actor-related influences there were some impacts as described above. The examples of not having a recruiting software implemented and finding circumventing ways around headcount practices and job approval processes display examples of actor-related effects in the context of France. Again, for those effects it needs to be seen for other areas of HRM practices in how far the role of the RHQ based in Germany leaves more room for manoeuvre to countries like France when adapting or blocking out practices. Our results show that the “power-over-resources”

situations (Ferner et al. 2012) influenced heavily the transfer process with some political discourse in common financial language being present.

Table 8.13 “French HRM practices: recruiting and selection” will summarize our findings in this area to conclude this sub-chapter.

*Table 8.13: French HRM practices: recruiting and selection
(own compilation)*

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
Impact of French educational system on recruiting and selection	“Elitist” educational system impacts the recruiting and selection practices with limited access to students and professionals graduated in the most renowned institutions	With “HealthCo” France not having much access to “elite” graduates the home-country practices are not much impacted	Findings supported by literature review when it comes to system presence – no evidence for impact on actual outcome (Davoine et al. 2000, Roche 2013)	Institutional surrounding having an impact on HRM practices although the transfer of practices is not affected in these terms – no interference with transfer intentions from the US
Impact of works council or unions on recruiting and selection	Union and works council presence with little to no impact on recruiting and selection practices outcome – influence on processes	No adaptation of practices that would be founded on union or works council presence to our knowledge	Supported by legally founded sources (see sub-chapter 4.3.1)	Although institutional presence of works councils and unions no direct impact on transfer of practices detected
Personality Tests	Originally US practice which underwent a reverse diffusion effect from UK – is applied in France on managerial level	Practice transferred – exception is application for non-managerial levels (hybridization)	No study found on this very topic – n/a	No institutional barrier but practice even promoted by actors – power over meaning, processes, and resources
Long recruiting process – only for directors and above	Defined process for key positions even on subsidiary level by the US	Adoption of the process	No special case or support found on this topic	No institutional or cultural feature present to adapt the practice
Diversity	No practice related to diversity – absence of transfer of home-country practice	No transfer (no intention of transfer by home-country)	No specific results could be found in the literature research	No transfer intention by home-country combined with no legal requirements in host-country lead to absence of practice

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
Software implementation	Practice and roll-out triggered in the US	Transfer of practice not occurred	No specific findings	Agency power (although in absence of institutional feature) led to block-out of the practice to be transferred – political discourse harking back to financial arguments (common language)
Headcount / hiring freeze / job approval	Very formalized practices and processes originated in the US to guarantee a monitoring actions an securing financial results	Mostly adopted with some micro-political play to achieve local goals (hybridization)	No specific findings	Agency power over resources and processes in order to increase headcount and enforce the local team
Role of European HR headquarter	Much less presence than for Germany which is expected given the international setup – less agency power exerted for France	Outcome of transfer of practices hardly ever influenced by the presence of RHQ	n/a	No directly influencing presence for the outcome of transfer in France with nearly no agency power exerted and an initiator role adopted in the model of a global acting RHQ

8.3.2 Training and Development Practices in France

For the training and development practices in France we will have the same approach as for the other HRM areas when analyzing the transfer and application situation. We will include the same practices as found in the US and Germany, which allows for a direct comparison of our findings eventually. Further the practices will be analyzed in the same manner as applied for the analysis in Germany and for France in recruiting and selection. First, we will describe the practice and the reasons for those to be implemented in a certain way. Second, we will find out what influenced (institutional or actor-related) have exerted a certain impact on the transfer outcome of practice. Further, we will analyze the role of the RHQ and the political discourse used to defend a certain transfer outcome. With this, we have followed the analysis of our proposed research framework as presented in chapter 5 “The Research Framework”. We start our analysis in this area with the impact of the French institutional surrounding on the transfer of HRM practices.

Impact of French educational system on training and development

In the description of the French educational system (sub-chapter 4.3.1 “The French NBS”) we have displayed the obligation of the French companies to financially engage in the training and education of their employees. “HealthCo” in France participates as legally required in the system of continued education. The apprentices and trainees are foremost engaged in the area of administration, human resources, and marketing. The financial engagement is estimated to be at about the same level as in Germany, i.e. 3% of the total salary volume. The investment, presenting a legal obligation coupled to the very indicator of the total salary volume of an organization, has been stable over recent years. Even though there is a legal requirement for French companies to have 1.6% of their total personnel salary expenses to be invested in continued education and the business has been growing in recent years there was still pressure exerted on the French subsidiary’s expenses in this area; pressure directly originated in the US. As described on former occasions in this dissertation (see sub-chapter 7.6 “Summary and Overview of International Setup”) the RHQ based in Germany does not figure as a European filter in the same way it does for Germany. The P&L and education as cost driver being part of it is directly negotiated with the US.

“En France on a un cadre légal qui nous donne le choix soit d’investir un certain pourcentage de la masse salariale dans la formation soit de payer ce même montant à l’état comme taxe. Les Etats-Unis nous demandent toujours ce que sont ces coûts. Ils ne comprennent pas ce système. Ils pensent avoir détecté des postes pour économiser et ne comprennent pas qu’il faut dépenser ce montant d’une manière ou d’une autre. Nous préférons de l’investir dans la formation. [...]”
(3_French_France: P73)

The arguments used to defend the investment into the educational system are completely legally based. The French responsible managers are not getting dragged into any other argumentation technically rooted as in Germany and admit they hide behind the legal fortress (3_French_France: P73). The discussion with the US is described as being painful and repeating. On a national level the P&L does not put pressure on educational expenses for the same reason these expenses are shielded from saving initiatives from the US. We find ourselves in the typical situation where first the RHQ does in its position not act as a protecting partner to the French subsidiary, its role is more the one of an administrator again and at best a transnational model is applied. Second, the institutional frame obliges the French to adapt the home-country practice on a legally base. Third, agency power over resources (budget and knowledge) exploit the situation in the sense that the investment in training and education is protected. By using the framework’s elements to analyze the situation one can say that the institutional embeddedness of the French “HealthCo” subsidiary blocks an adaptation of the engagement in the educational system. Even though direct P&L pressure is exerted on the educational system the legal protection prevents the French from changing their system. Typically this can be categorized as a power over processes (being in line with legal requirements) and power over resources (special knowledge about a given institutional system). Power over meaning does not come into play as the French would as they say hide behind the legal system. “C’est toujours bien si on peut s’expliquer par une loi c’est le meilleur argument pour que les Etats Unis ne s’engagent plus trop.” (Director HR France). The discourse therefor is contains a lot of expressions as “legal environment”, “state”, and “obligation”, etc.

With little to no literature available on this specific aspect we could not find any support or contradiction from former studies comparing our results to.

Impact of works council or unions on training and development

Given the set of our research questions and the assumptions we have drawn from the literature review we include here the potential influencing aspects of the works councils and trade unions as a specific French host-country effect. But as we have learnt in the section

on recruiting and selection the union and “comité d’entreprise” rights in France are rather restricted, a fact that we find also support for in the literature research we have conducted prior to our field research (Barmeyer and Davoine 2011). This fact is also confirmed by our interview partners in our study (3_French_France: P19; 2_French_France: P35). Our interviews show that training and development is not one of the priority topics in the information exchange and discussions with unions and works councils. The pertinent subjects are more about demographic structures in the work force, remuneration equality, and working hours (3_French_France: P24). The lack in finding influencing impacts stemming from the works council and unions is also sign of the relative weakness of power of those actors in the French context. Therefore, analyzed through the lens of our proposed research framework, we claim that the institutional surrounding in France in terms of industrial relations and social partnership is not impacting the outcome of transfer of HRM practices.

Organizational development strategy

Even though there are sort of two different concepts of organizational development available (see sub-chapters 8.1.5 “Performance Appraisals and Dialogue Systems in the US” and 8.2.5 “Performance Appraisals and Dialogue Systems in Germany”), one having its roots in the US and one that was developed in Europe (collaboration with Germany) the results from the interviews in France show that neither organizational development strategy is followed as an entire system with interlinking tools and processes. Even though the some of the tools that are part of the European concept are applied it would be exaggerated to claim that a US or European strategy is applied. France has adopted some of tools while having developed some home-made French solutions as well, e.g. TSM dialogue forms. We will discuss this in more detail in the section on performance appraisals and dialogues in France (see sub-chapter 8.3.5 “Performance Appraisals and Dialogue Systems in France”). “HealthCo” France has personal development plans that are established, but not necessarily based on the forms set at disposition by the European HR headquarter (F-3: 3_French_France: informal exchange). The French have job specific trainings available as foreseen by the European organizational development concept but can hardly participate in a German dominated “HealthCo”-Academy (see sub-chapter 8.2.2 “Training and Development Practices in Germany”) offer (F-3: 3_French_France: informal exchange). In France the development of so called high potentials is lacking a common approach with Europe (2_French_France: P42).

Even though the interviews would not allow us to come up with specific results on why a situation lacking in standardization is present, we can assume that given the fact the RHQ has a rather weak role in integrating France and according to Lasserre’s (1996) theory does not fulfil an entrepreneurial role for France (summed up in an administrative approach) the standardization and harmonization of approaches is lacking specifically in the area of training and development. We can only assume that for the US, where a direct link is existing according to the international setup, the geographical and institutional distance is too far for coordination. This discussion will follow in more detail in the conclusion of this dissertation. From the point of view of our research model and framework no institutional or cultural impact would be exerted on the transfer of the practices. When it comes to the actor-related effects the international setup shall be analyzed.

Company specific training

Company specific training in France plays a role. From the estimated 3% of training and development expenditure approximately one quarter is spent on external training. With the educational system in France not foreseeing a participation in systems such as the dual VET in Germany this means that approximately 75% of training expenditure is spent on internal training (F-4; document; F-5; document). France, for language reasons, cannot participate in the “HealthCo”-Academy trainings which are predominately in German and English language (see sub-chapter 8.2.2 “Training and Development Practices in Germany”). This

academy has been developed in collaboration between the European HR headquarter and the German HR team.

Although France has company specific trainings in place it is far from being coordinated and standardized with the US or European headquarter. The initiatives are triggered in France for France. We are not aware from our data that either institutional or cultural, or actor-related effects would influence a potential transfer of practices between the US/Europe and France. Again we can only assume that the international setup does not foresee or is not built to have France coordinated under the current system. We claim here for a hybrid solution to be in place.

Team development meetings and succession planning / personnel development plans

As per status of the data collection phase in France no team development meetings and formalized/standardized succession planning process as defined (see sub-chapter 8.2.2 “Training and Development Practices in Germany”) are applied in France (2_French_France: P42). There are personnel development plans established and succession planning plays a role but not in a common approach with the US or European team.

“Pour les collaborateurs ‘high potentials’ il n’existe pas de structure ou du reporting dans le group. Mais là aussi, ce que j’attends du groupe serait que l’on a un vocabulaire commun.”
(3_French_France: P74)

Basically those instruments do exist as we have learnt from the case in Germany but France is not part of the coordination being obviously less included in the European coordination activities.

From our research model view no institutional, cultural, or actor-related effect would hinder the practice to be transferred but the international setup with a RHQ playing a more administrative role in a global/transnational model does not impact the situation to be turned into another direction.

Role of European HR headquarter

From the examples here above (company specific training, team development meetings, and more) we have seen that according to the international setup of “HealthCo” (7.6 “Summary and Overview on International Setup”) the regional headquarter has a complete different role to play for France than for Germany in comparison. The standardization initiatives and close collaboration are very different and exert much less (tends to be zero) influence on HRM practices in France. Whereas in Germany we had a facilitator role of the RHQ in a lived multi-domestic model we find much more of an administrator role in a global RHQ model in France according to Lasserre (1996) and Schütte (1996) – see also sub-chapter 3.4 “Roles of Regional Headquarters”.

Anti-corruption training

Similar to Germany (see sub-chapter 8.2.2 “Training and Development Practices in Germany”) the anti-corruption trainings as described in sub-chapter 8.1.2 “Training and Development Practices in the US” are fully adopted in France. With legal requirements and stock market regulations being the roots for the practice there is no space or freedom for manoeuvre left for the countries (F-6; document). Analyzing the situation with our proposed framework we see that the home-country institutional and business frame dominates the macro and micro factors in the host-country.

Other home-country practices related to training and development

In parallel to the statement we had to make for Germany none of the additional home-country practices in training and development find application in France. The practices around coaching and mentoring, collaboration with educational institutions, leadership competency

models, performance management training, and 360° feedbacks could not be filtered out by our data collection. We therefore cannot assess the situation.

To conclude this part we now turn to the sub-questions derived from our pre-formulated assumptions and will give answers according to our findings in the field research. Table 8.14 “French HRM practices: training and development” will then summarize this sub-chapter in a convenient way.

Summary

As for the previous sub-chapters the questions listed in the grey box reflect the research questions this summary section seeks to give answers to.

- i.a. Are typical US HRM practices more standardized and formalized than HRM practices in France?*
- i.b. Are US HRM practices more performance and goal related, and more short term-oriented than HRM practices in France?*
- iii. How are HRM practices of US MNCs accepted in the host-country subsidiaries? To what extent are those practices adapted locally and why?*
- iii.a. What is the general acceptance of US HRM practices in foreign subsidiaries?*
- iii.b. Are US HRM practices adapted in foreign subsidiaries?*
- iv. What are typical French HRM practices in French companies?*
- v. How and to what extent are the HRM practices in subsidiaries in France of the examined US MNC influenced by the local circumstances?*
- iii.c. What is the impact of the (foreign) local institutional settings on US HRM practices?*
- iii.d. How do the institutional settings shape US HRM practices, or in other words what is the level of adaptation due to the local institutional settings?*
- iv.e. How does the educational system in France influence the HR practices (in the US MNC)?*
- iv.f. How and to what extent are the HR practise in France (in US MNCs) influenced by collective bargaining?*
- iv.d. What other influences (host-country effects) do we detect in the present study?*
- v.a. What are the local institutional circumstances shaping HRM practices in France?*
- i.f. What is the influence of the micro-political games and the subsidiary roles on the HRM practices in US MNCs?*
- iii.e. What is the impact of micro-political games on the adaptation of US HRM practices in foreign subsidiaries?*
- iii.f. How does this impact shape the adaptation of US HRM practices in foreign subsidiaries?*
- iii.g. What is the impact of the role of the subsidiary on the adaptation of US HRM practices?*
- v.b. What are the micro-political circumstances shaping HRM practices in France?*
- v.c. How do the local actors shape HRM practices in the host countries?*
- v.d. What influence does the subsidiary role exert on the implementation of HRM practices in the host-country?*
- v.e. What are the power-resources of the foreign subsidiaries and how do they influence the outcome of HRM practices in the subsidiaries?*
- v.f. What other micro-political games do shape the implementation of HRM practices in the foreign subsidiaries?*

From what we have seen in this section about training and development we see at least a less standardized and formalized approach in France towards the corporate instruments compared to Germany. We would even claim that the formalization and standardization rate

is lower than in the US although we should not confound here compliance in France with existing corporate HRM tools to what is standardization and formalization of tools in France. “HealthCo” France has also standardized tools in place and uses a formalized approach to training and development (also for legal requirement reasons). Still, from the practices examined we can say that the standardization and formalization degree is somewhat higher in the US. We could not make a statement here on the time orientation of the practices implemented. Given the fact that the French are engaged in legally required investments one could assume a rather long-term orientation. On the other side we could not find any proof for the French organization to be engaged in the organizational development strategy, which would lower the effect. All in all we cannot have a generalization from the data collected on time orientation in France for training and development initiatives. On the other hand side the higher standardization of practices in the US is in line with the works by Wächter et al. (2004) and others.

When it comes to training and development it would be exaggerated to say that the acceptance for US corporate trainings would be low. Still, there is a lot of adaptation in practices we would detect but also sort of a lack in transfer. The adaptation in practices can more be traced back to French home-made solutions in a vacuum of transfer intention and attention for practices. What we sense here in contrast to Germany is a non-presence of the regional headquarters and a long geographical distance between the US and France leading to a situation where France has adapted its own practices in their context. With this we are again at the center of the role of the RHQ and find support from literature in this from studies by Schütte (1996) and Lasserre (1996).

What strikes most in this area is the influence of the legal requirement in France to invest a certain amount of money into the education and training of the company’s employees. With a percentage of 1.6 of the total salary volume the requirements are very high and lead to a high degree of company specific training and investment into the organization and its employees. Other institutional effect stemming from the works councils or trade unions were not found to be influential on the outcome of practices in the area of training and development. The social partners are informed about the practices and kept in the loop for good collaboration reasons but apparently their say on the practices and impact is very limited. Interestingly the rather distinct educational system in France does not influence the practices in “HealthCo” a lot. The “elite” educational system seems to be targeted at an “elite” set of companies of a certain size and market importance. The size of “HealthCo” France is just not big enough to participate in those “elite-games”. In this sense we find an institutional influence as predicted from our desk research (Roche 2013) although we contradict with our findings on the degree of the impact.

As we have learnt the French subsidiary has a certain size in one of the business division and accounts for one of the most important European markets for this segment. Thus its role is rather independent from the RHQ in Germany and due to the functions of the business head in a European context “HealthCo”-France is directly tied to the US supervision. Thus the role of the company is of a certain importance when it comes to practice transfer. But rather than allowing the French to have their own approach to practices it is rather the case that a certain non-coordination leads to adapted practices. We can summarize that the actor-related influences mostly stem from the marginal role the European HQ plays as proposed by Schütte (1996). With no general skepticism in place and a rather open mind to US practices the position of the French is driven by the subsidiary role and not by the actors themselves – same findings as for the study by Schotter and Beamish (2011). This is typical for the training and development area where the individual actors only jump in to defend their expenses in training and development but are rather free in the design of their own practices otherwise anyhow.

Table 8.14 “French HRM practices: training and development” gives an overview of the sub-chapters findings in an organized nutshell.

*Table 8.14: French HRM practices: training and development
(own compilation)*

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
Impact of French educational system on training and development	French institutional context drives applied practice in training and development – minimum investment in further education	Clear adaptation of home-country practice	No direct support on this very topic found in literature review – only spare literature available	Institutional effect influences the transfer outcome – backed by actor engagement for a certain host-country practice
Impact of works council or unions on training and development	No host-country effect detected having its roots in the IR and social partnering in France on training and development	No specific host-country effect supposedly leading to adaptation of training and development practices	Support from literature (Barmeyer and Davoine 2011)	Weak institutional power form works councils and trade unions to impact training and development practice transfer
Organizational Development Strategy	Neither US nor European approach fully adopted in France – only selected tools to be applied	Strong adaptation of home-country and European approach given the lack of coordination from the US or RHQ	No specific findings to support or contradict our study results	No institutional or cultural setting to primarily influence the transfer of practices – international setup (actor-related) lacking standardization approach in France / administrative RHQ
Company specific training	No company specific training exported from the US or Germany to France – France has its own-developed system without participating in other setups	Adaptation (hybridization) of the practice to the French context with very low to none intention of practice transfer from the home-country or European team	No specific findings to support or contradict our study results	No institutional or cultural setting to primarily influence the transfer of practices – international setup (actor-related) lacking standardization approach in France / administrative RHQ
Team Development Meetings & Succession	No “HealthCo”-common approach applied in France	No practice transfer occurred. Neither adoption or adaptation –	No specific findings to support or	No institutional or cultural setting to primarily influence the

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
Planning – Personnel Development Plans	although processes are defined on European level	practice as should be coordinated by Europe is not applied	contradict our study results	transfer of practices – international setup (actor-related) lacking standardization approach in France / administrative RHQ
Role of European HR headquarter	Much less presence than for Germany which is expected given the international setup – less agency power exerted for France	Outcome of transfer of practices hardly ever influenced by the presence of RHQ	n/a	No directly influencing presence for the outcome of transfer in France with nearly no agency power exerted and an administrator role adopted in the model of a global acting RHQ
Anti-corruption training	Legally founded in the US and compulsory for other countries with the company being listed at the stock market in the US	Fully adopted (compulsory)	No specific findings besides US companies rolling out trainings on corporate values (Fenton-O’Creedy et al. 2008, Quintanilla et al. 2008)	Home-country institutional frame triggering the transfer and dominating host-country institutional frame
Coaching and Mentoring	Not practiced to our knowledge – no data available	n/a	n/a	n/a
Collaboration w/ management schools	Not practiced to our knowledge – no data available	n/a	n/a	n/a
Leadership competency model	Not practiced to our knowledge – no data available	n/a	n/a	n/a
Performance management training	Not practiced to our knowledge – no data available	n/a	n/a	n/a
360° Feedback	Not practiced to our knowledge – no data available	n/a	n/a	n/a

8.3.3 Compensation and Benefits Practices in France

The same approach of analysis with describing the practice and possible adaptations is executed before analyzing the situation with the research frame work also including the role of the regional headquarters.

Works council and union influence on Compensation and Benefits

In all of our interviews the influence of the works councils and unions on the practices and transfer of practices outcome was not mentioned. Again, our data show the main difference in influence of the social partners in Germany and France. While the French admit that they have to include the social partners for their information rights (3_French_France: P19) this is far less wide-reaching than the co-determination rights in Germany. Our data show no influence in transfer outcome and practices in general from works councils or trade unions. We have to state at this stage that the social partners to “HealthCo” are described as very cooperative and are even said to be proud of being part of a US corporate company (2_French_France: P34-39; 3_French_France: P23). This finds support in a statement of the works council’s secretary with whom we could also have an interview.

“Mais je dois dire que l’on a une certaine fierté d’être membre d’une entreprise américaine. C’est aussi rassurant. La sécurité pour nos postes de travail est une chose importante pour les syndicats et le comité d’entreprise. Je dirais que l’on travaille bien avec les membres de la direction.”

(1_French_France: P10)

From the view of our proposed research framework we can say that a host-country effect related to the social partnering in France as one could expect is not detected in our findings. The institutional frame does not present patterns strong enough to be influential on the outcome of compensation and benefits practices in France. We find support in literature for our findings. Gooderham et al. (1999) find also that there is presence of industrial relations negotiations, but it rather shapes the function of the HR role rather than the practices applied.

Individualized pay

Individualized pay is something that is present in France on multiple occasions. The picture of having a “one-for-all” approach with collective bargaining and a very socialist approach to compensation and benefits is not confirmed in our findings. There are discussions with the social partners in terms of compensation and benefits but it is more on a general level about equality rather than a negotiation on a collective agreement (3_French_France: P24-25). Individualized pay is seen in form of individual performance-based bonuses and individual salary adjustments which follow the clear guidelines of the US and are approached in a very standardized way (2_French_France: P15). We will discuss this in more detail in the respective section here below.

From a framework perspective we can conclude that the institutional frame (even though with high presence of social partners) does not prevent the transfer of individual pay practices from the US to France to occur. There is enough freedom for companies’ to implement their individualized pay practices. We found examples of collective bargaining and impacts on the outcome of the transfer of certain HRM practices (Almond et al. 2005) but not related to individualized pay. Therefore we claim to be in line with scientific literature as no contradiction could be found. We have to state here that the amount of scientific literature on the transfer of practices from the US to France is not very broad though.

Compensation system and strategy

In terms of compensation system and strategy France can be described as aligned to the US guiding. For example the salary adjustment process is followed in France as in Germany. Even though the process is criticized to some extent for being patronizing and not leaving enough freedom to management (even seen as a lack in trust) the protocol with its different approval processes and adjustment benchmarks is respected (2_French_France: P15). For more detailed description see also sub-chapter 8.2.3 “Compensation and Benefits Practices in Germany”.

“Les négociations annuelles avec les Etats-Unis pour l’adaptation des salaires suivi un procès défini. Mais c’est un peu frustrant. Ça donne l’impression que nous ne sommes pas capables à prendre ces décisions. Si notre DHR et le MD ont approuvé une augmentation salariale on peut assumer qu’assez de compétence a été incluse dans le procès. Je suis d’accord pour une certaine nécessité de contrôle mais il y a des limites.”
(2_French_France: P15)

Further the system and strategy is followed for the pay per performance systems and the related standardization and formalization of the processes with respective programs such as long term incentive plans for “Directors and above” or MBOs for managers (3_French_France: P76). France participates also in the company-wide rolled out salary surveys with an external provider. The participation in this survey earned some critique from the French team as the result sharing was not to their expectation but this would not influence the commitment to participate (3_French_France: P78).

When analyzing the situation from the framework perspective we can see that no institutional filter would prevent practices from being transferred into France. There are cultural features that might deviate from the US perspective but the actors’ preferences or agency powers are not at a level where practices get adapted. Interestingly the role of the European HR team in the area of compensation and benefits is not mentioned indicating the direct contact and perception of the international setup in France. The role of the RHQ is once again the one of an administrator in a model that is perceived as global RHQ. Our findings would only find partial support in literature where the French subsidiaries are found to be more critical and resistant to transferring practices than in our example (D'Iribarne 2008, Almond et al. 2005), although this comparison cannot be directly based on pure compensation and benefits practices only.

Performance related and variable pay

When we have discussed individualized pay we already gave a hint that performance related and variable pay play an important role in the subsidiary in France. At certain hierarchical and position level employees are eligible to performance related systems such as personal incentive plans or MBOs. For those instruments the processes are steered from a committee in the US and the rolled out corporate process is very formalized and standardized and fully adopted in France (3_French_France: P76). For detailed information on the systems we refer to sub-chapter 8.1.3 “Compensation and Benefits Practices in the US”.

Assessing the situation with our proposed research framework we can see that neither institutional nor micro-political filters would have an impact on the transfer of those practices from the US to France. With a steering committee for the personal incentive plan for example sitting in the US the European HR headquarter is again limited to an administrative role acting in a global RHQ model. For our findings we did not find special support or contradiction in the literature review. The reasons therefore might again be the limited number of scientific studies that have been attracted by this very subject to far.

Role of European HR headquarter

As in former occasions on other practices the role of the RHQ is again down to a more administrative one in a model of understanding that sees the European HR team act as a global RHQ. In the area of compensation and benefits there were not many practices where we could analyze the RHQ role. On the occasions we could we have found them to be similar and rather passive/administrative as just described. For many of the compensation and benefits instruments the origin and monitoring is located in the US and the RHQ acts as an extension of the US to administer the tasks given to the local subsidiaries. This is the case for the personal incentive plans and MBO but also on the salary surveys or salary adjustment processes in France.

Summary

Again, the below grey box lists the research questions this sections seeks to give answers to.

- i.a. Are typical US HRM practices more standardized and formalized than HRM practices in France?*
- i.b. Are US HRM practices more performance and goal related, and more short term-oriented than HRM practices in France?*
- iii. How are HRM practices of US MNCs accepted in the host-country subsidiaries? To what extent are those practices adapted locally and why?*
- iii.a. What is the general acceptance of US HRM practices in foreign subsidiaries?*
- iii.b. Are US HRM practices adapted in foreign subsidiaries?*
- iv. What are typical French HRM practices in French companies?*
- v. How and to what extent are the HRM practices in subsidiaries in France of the examined US MNC influenced by the local circumstances?*
- iii.c. What is the impact of the (foreign) local institutional settings on US HRM practices?*
- iii.d. How do the institutional settings shape US HRM practices, or in other words what is the level of adaptation due to the local institutional settings?*
- iv.e. How does the educational system in France influence the HR practices (in the US MNC)?*
- iv.f. How and to what extent are the HR practise in France (in US MNCs) influenced by collective bargaining?*
- iv.d. What other influences (host-country effects) do we detect in the present study?*
- v.a. What are the local institutional circumstances shaping HRM practices in France?*
- i.f. What is the influence of the micro-political games and the subsidiary roles on the HRM practices in US MNCs?*
- iii.e. What is the impact of micro-political games on the adaptation of US HRM practices in foreign subsidiaries?*
- iii.f. How does this impact shape the adaptation of US HRM practices in foreign subsidiaries?*
- iii.g. What is the impact of the role of the subsidiary on the adaptation of US HRM practices?*
- v.b. What are the micro-political circumstances shaping HRM practices in France?*
- v.c. How do the local actors shape HRM practices in the host countries?*
- v.d. What influence does the subsidiary role exert on the implementation of HRM practices in the host-country?*
- v.e. What are the power-resources of the foreign subsidiaries and how do they influence the outcome of HRM practices in the subsidiaries?*
- v.f. What other micro-political games do shape the implementation of HRM practices in the foreign subsidiaries?*

With all practices out of the US finding adoption in France we could not state that there is a difference in standardization and formalization of practices. Apparently the French are open to the degree of harmonization throughout the company and adopt the practices as such. Still there was some critique to the processes in terms of “over-managing” or “micro-managing” certain decisions which gives a hint of a different mindset present in the French context. But speaking from the practices as implemented purely we could not claim for a major difference in standardization or formalization between the two countries. The same counts for the long-term versus short-term orientation. With identical practices in place no difference can be filtered out in the area of compensation and benefits. Therefore we are not

strictly in line with the general assumption from literature for a higher standardization in the US in general (Wächter et al. 2004).

As we have found all of the US initiatives adopted in France we simply rate the acceptance for US compensation and benefits practices as being very high in France with a very low degree of adaptation for all of the practices analyzed in our study.

In the area of compensation and benefits no institutional feature would influence the practices transferred. There is an adoption of practice throughout being the indicator of absence of such macro-influences. Neither the different educational system nor the social partnering and industrial relations would account for impacts being sensed in this area. For the educational system we have found that the “elite” system that might impact the levels of pay is only valid for “elite” companies attracting graduates from the “Grandes Ecoles” – “HealthCo” does not.

Other than in Germany no actor-related influence can be sensed in the area of compensation and benefits. The information and consultative rights of the works councils and present trade unions might shape the HR function as such but not the outcome of practice transfers. Additionally, the role of the French subsidiary is such that in the international setup it is tied more directly to the US, limiting the role of the RHQ to be administrative in a global model. Therefore the actor’s influence of the RHQ is much less in France than in Germany where the subsidiary is embedded in a different international context.

Next, table 8.15 “French HRM practices: compensation and benefits” gives a summarizing overview of this sub-chapter. The next part will then treat the subject of instruments of corporate culture in France.

*Table 8.15: French HRM practices: compensation and benefits
(own compilation)*

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
Works council and union influence on Compensation and Benefits	Works council and union presence in France but with no direct effect for applied practices or transfer impact	No impact on transfer outcome detected in our study; impact on the tasks and processes of the HR function	Supported by literature (Gooderham et al. 1999)	Strong presence of institutional features in social partnering with low to no effects on the outcome of practices
Individualized pay	Individualized pay is a present practice with no restrictions found to our knowledge – US practice present in France	Adoption of US approach to individualized pay	No contradiction found in literature – collective bargaining influence found but more on other aspects such as performance orientation (Almond et al. 2005)	Institutional frame of collective bargaining and social partnering does not impact the transfer of practices of individualized pay from US to France
Compensation system and strategy	System and strategy elaborated in the US and	Adoption of practices and strategy – no	Literature admits more critique and adaptation towards US practices in	No institutional barriers to prevent transfer of practices; actors in France

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
	transferred to France	major adaptation to our knowledge	general than we could find with our data collection (D'Iribarne 2008, Almond et al. 2005)	might be culturally critical but are not influential on transfer; RHQ is in an administrative role and have a global approach
Performance related and variable pay	Practices elaborated in the US and transferred to France	No local adaptation occurred	No special support or contradiction found in literature	No micro or macro impact on the transfer of practices present
Role of European HR headquarter	Again less presence and effectiveness in France than in Germany – role can be described as administrative in a global RHQ model	No adaptation or adoption of practices that can be directly traced back to the function of European HR role – indicator for the administrator role	n/a	Not acting as empowered player by influencing the transfer of practices from the US to France in this area

8.3.4 Instruments of Corporate Culture in France

For the instruments of corporate culture we will again have the very same approach as for the other areas or HRM analyzed in all countries. We will describe what the different practices look like, find out why this is the case, see if we can find support from our literature review for our results and eventually assess the results with our research frame work and see what the role of the European headquarters was for the outcome of the transfer and in general. We start with the corporate values and mission statements which also includes the employee survey on corporate culture in “HealthCo”.

Values and mission statements (including employee survey)

The basic situation for values and mission statements will be the same for all three host-countries analyzed. They are not changed from country to country and adapted to local circumstances otherwise we would not talk about “corporate” values. The adaptation rate for values and mission statements is zero. But the approach to the values changes remarkably from country to country as we have found. In contrast to the responses in Germany where our interview partners would claim that the values are not the best fit for central Europe the openness in France is much greater and a cultural fit without much conflict potential is described.

“En général, parlé pour ‘HealthCo’, la culture est réaliste et non-doctrinaire. Elle est vécue naturellement et n’est pas imposée à tout prix. Les valeurs sont perçues comme un comportement quotidien et naturel. Dans le contexte français je ne pense pas que ça pose des problèmes.”

(3_French_France: P37)

“Les valeurs de ‘HealthCo’ pour nous, on peut s’y retrouver. Ce n’est pas à distance de nos valeurs propre à nous. Au contraire, je pense que cette image de la stabilité et de l’engagement donne une certaine sécurité aux gens ici en France.”

(2_French_France: P22)

In general no resistance could be found in France to the US values and corporate statements. The practices for the value diffusion (booklets, sign for acceptance of values in the onboarding process for employees, global training participation, etc.) are in line with the expectations from the home-country. For more details on the practices we refer to sub-chapter 8.1.4 “Instruments of Corporate Culture in the US”. For the very aspects of the code of conduct a different story is told. We will treat this topic in the next section in detail. But the same open approach as for the corporate culture is also valid for the employee survey on corporate culture. The participation of the French subsidiary is never questioned. There are some critical voices in terms of point in time (during holiday periods) of the survey to take place (3_French_France: P38) or the late reporting of the results (3_French_France: P39) but never on the instrument itself. All in all we have to state unexpectedly that the “cultural clash” as we assumed it to be found is not present in our case. The findings in the literature are somewhat different (D'Iribarne 2008). This might be for different reasons. But as the corporate culture might differ from company to company we assume there might be cases of better fits and worse fits for the European countries. From the perspective of our research frame work we can say that potential cultural barriers are in place as other studies have proven but in our case the “cultural control” in the host-country would let go through the level of Americanisms included in the corporate values. We have no findings related to the role of the European headquarters in terms of support of transfer of the practice. Its role is passive and again limited to an administrator role in a global RHQ model.

Code of conduct

As we have learnt from the section on corporate culture here above there is no general resistance in terms of value misfits or similar effects. Whereas the values are fully accepted the French make a difference between what values are generally accepted and in line with values in France and the “World Wide Business Standards” (WWBS) and the way a certain behavior is demanded. We can say that the values are formulated in a way that is generally acceptable but when it comes to detailed behaviors and how those are requested some resistance is present. This is eventually in line with the findings of Barmeyer and Davoine (2011) in their study results, although the host-country effect in our case is more of a mental resistance rather than a big impact in transfer of practice outcome. The critique is on the diffusion and communication for the training program to participate in and also on the content and the way in how the desired behavior is demonstrated and tested.

“Le programme WWBS (World Wide Business Standards) ne correspond pas à la culture des pays européens. En France cela représente un peu la vue qu’on a des Etats-Unis après. Ça manque de la finesse et de la sensibilité pour le contexte local. Il fallait laisser les organisations le plus proche des clients.”

(3_French_France: P41)

Further the diffusion of the program is described as being inflexible. The protocol of mergers and acquisitions foresees the diffusion of the WWBS program straight after a new partnership with a company. This is described as being inconsiderate of the local needs and situations.

“La communication doit s’orienter à la perception de celui qui écoute. Après une acquisition je ne peux pas distribuer n’importe quelle information ou des magazines. [...] On demande les gens de participer à WWBS toute suite parce que c’est la règle. Mais il fallait être conscient [des circonstances]. C’est ça le manque de flexibilité.”
(3_French_France: P33)

Despite the fact that there is critique on the training program on the business standards the participation still occurs. The cultural resistance is limited and does not impact the transfer outcome even though the measures and instruments are questioned. This is again an interesting finding where the micro-political position is generally such that a transfer resistance could occur but apparently it does not. There is further no institutional frame to hark back to in order to block the practice from being transferred into the country. What we can draw from this without aiming to write conclusions in an analysis phase is that a combination of institutional features and micro-political feature is a much stronger surrounding for impacting the transfer of practices than just an actor’s view alone. There is some power over meaning and processes present in the case of the WWBS but it seems not being enough to influence the transfer process. Our data does not show whether the RHQ plays a role in the case of WWBS trainings.

Community service and employee involvement

First of all we have to admit that our data does not content a vast amount of information on community service and employee involvement in France. Generally spoken the French mindset is such that those topics are more US-rooted than applicable in France. *“Tout ce qui est autour du ‘charity’ c’est beaucoup moins en France qu’aux Etats-Unis.”* (3_French_France: P36)

What we can analyze is that even though the employee involvement as a concept seems to be a difference in perception between the US and French culture, France would still participate in having articles about their business published in the “HealthCo” magazine (US-31; document). The magazine is translated into all “HealthCo”-languages worldwide to enable all employees globally to read about the company and the stories within the company. But even with the magazine being translated into French and articles about the French subsidiaries in the content the skepticism is still present about the general interest of the French employees in the stories. The magazines are not always distributed internally (3_French_France: P32; 2_French_France: P23). We did not find data on employee activities for charity or as an engagement to be qualified as an act of “good corporate citizenship”.

Even though literature shows that we could expect the French “HealthCo” subsidiary of being ambitious in having a social image (Roche 2013) the engagement is rather on the low end. Thus we are not fully in line with findings in the desk research. On the other hand we have to admit that only very limited number of scientific research has been conducted on this topic in France. Assessed in our framework we can say that no institutional feature to impact the transfer of practices is present. In this case the agency power over meaning (cultural understanding), processes (diffusion process) and resources (human capital invested) is such that a certain influence on the outcome in terms of employee engagement is present as displayed here above. Again due to the international setup no direct influence of the RHQ could be found on this very topic.

Workforce Diversity

As valid for Germany, workforce diversity is a topic that is not discussed in the host-country of France. Workforce diversity has an importance in the US with “HealthCo” being a business partner to the US government. At the same time the US does not intend to transfer this practice to Europe. In our interviews in France the topic turned out not to be relevant.

Other aspects of corporate culture

For the other aspects of corporate culture the same statement we made for the case of Germany is also valid here. The topic is a rather difficult one to capture and data triangulation is difficult to establish in order to come up with some solid statements. Nevertheless we opt here for displaying some of our findings related to the perception of some differences in culture.

First, there is some difference about the style of management and functioning of processes within a company. We found support for what literature (Roche 2013) described to be an orientation towards oral communication which is in some contrast to the formalized reporting systems stemming from the US.

“En France nous avons une tradition forte pour l’orale. Nous en général on déteste le reporting. Ce n’est pas comme aux Etats-Unis. Mais on se débrouille avec ça. En plus en France pour les normes c’est différent aussi. Ecrire les normes c’est une chose, de les pratiquer c’est une autre chose.”

(3_French_France: P50)

The US are seen as much more process oriented with a high degree in standardization and formalization with a “one frame for everyone” mentality (3_French_France: P27, P29). This perception is also in line with what is expected from a desk research point of view (Wächter et al. 2004).

Further an interesting finding we made is what the French refer to as “culte de personnalité” (personality cult). This is expressed in two different ways. First, a painting of the company founder shall be hanging in all “HealthCo” locations worldwide. During visits of the US “HealthCo” colleagues the fact of the picture hanging is controlled as it is seen as a sign of commitment to and membership of the “HealthCo” family. Further the current “HealthCo” CEO is seen as the main personality in the company. No specific findings in literature would either support or contradict our findings. But the difference in culture and the distant relationship to certain specific people prevents the cult to swap over to France.

“Dans cette entreprise « HealthCo » il y a un culte de personnalité énorme. On parle [toujours du CEO]. Si les employés de “HealthCo” voient une photo ils demandent c’est qui à côté [du CEO] ? Ah, c’est le pape ! Au-dessus [du CEO] il n’y a que Dieu.”

(3_French_France: 31)

Another aspect of corporate culture we refer here to is the short-term versus long-term orientation also discussed in literature (Hofstede 2001, O’Sullivan 2000). This difference is also an aspect our interview partners in France refer to. The decision making is more oriented towards the short-term in the US as perceived by the French. Again reporting structures and financial pressure on results put the behavior and management of the French subsidiary in line with US demands.

“La priorité absolue, c’est toujours les résultats. Il n’y a aucune vision long terme chez ‘HealthCo’. Pour eux, le long terme c’est le succès du court terme. Le long terme n’existe pas. Les résultats trimestriels c’est ce qui compte.”

(3_French_France: P35)

Role of European HR headquarter

As seen throughout the analysis of the instruments of corporate culture in France the role of the RHQ is very limited in influence with only low presence. Again we have to claim for the role to be an administrator’s in a concept that sees the RHQ as a global acting institution.

Use of expats

Again for completeness reasons we include the practice of “use of expats” in our overview although it has no relevance whatsoever in France. This instrument is not very elaborated in “HealthCo” as a whole.

We next turn to our summary with top- and sub-line research questions and a concluding table to close the section on instruments of corporate culture in France.

Summary

This section deals with findings partly giving answers to the below listed research questions.

- i.a. Are typical US HRM practices more standardized and formalized than HRM practices in France?*
- i.b. Are US HRM practices more performance and goal related, and more short term-oriented than HRM practices in France?*
- i.d. Is the corporate culture more formalized and important in an US environment than in European subsidiaries?*
- iii. How are HRM practices of US MNCs accepted in the host-country subsidiaries? To what extent are those practices adapted locally and why?*
- iii.a. What is the general acceptance of US HRM practices in foreign subsidiaries?*
- iii.b. Are US HRM practices adapted in foreign subsidiaries?*
- iv. What are typical French HRM practices in French companies?*
- v. How and to what extent are the HRM practices in subsidiaries in France of the examined US MNC influenced by the local circumstances?*
- iii.c. What is the impact of the (foreign) local institutional settings on US HRM practices?*
- iii.d. How do the institutional settings shape US HRM practices, or in other words what is the level of adaptation due to the local institutional settings?*
- iv.e. How does the educational system in France influence the HR practices (in the US MNC)?*
- iv.f. How and to what extent are the HR practices in France (in US MNCs) influenced by collective bargaining?*
- iv.d. What other influences (host-country effects) do we detect in the present study?*
- v.a. What are the local institutional circumstances shaping HRM practices in France?*
- i.f. What is the influence of the micro-political games and the subsidiary roles on the HRM practices in US MNCs?*
- iii.e. What is the impact of micro-political games on the adaptation of US HRM practices in foreign subsidiaries?*
- iii.f. How does this impact shape the adaptation of US HRM practices in foreign subsidiaries?*
- iii.g. What is the impact of the role of the subsidiary on the adaptation of US HRM practices?*
- v.b. What are the micro-political circumstances shaping HRM practices in France?*
- v.c. How do the local actors shape HRM practices in the host countries?*
- v.d. What influence does the subsidiary role exert on the implementation of HRM practices in the host-country?*
- v.e. What are the power-resources of the foreign subsidiaries and how do they influence the outcome of HRM practices in the subsidiaries?*
- v.f. What other micro-political games do shape the implementation of HRM practices in the foreign subsidiaries?*

The practices examined in our study clearly point to the fact that the US approach is more standardized and formalized than the approaches in France – thus in line with literature findings (e.g. Barmeyer and Davoine 2011). This is the case for the measurement of culture in surveys and online trainings for worldwide business standards that rolled out according to the globally valid protocol. We found also reports on the more short-term orientation in the US compared to France which is closely related to the goal orientation and the pressure for financial results stemming from the HQ responsibility to deliver results at the stock market. We can state that for all of our assumptions in terms of standardization, performance orientation, goal orientation, and short-termism we found support in our study.

The acceptance is mixed when it comes to the different instruments of corporate culture. Unlike in Germany in France people are very open for and comfortable with the corporate values and the respective surveys conducted in the host-country. On the other hand certain approaches to roll out worldwide business standard trainings are criticized. We have to differentiate the acceptance and adaptation. Even for those practices where acceptance is lower we could not find a big deal of practice adaptation. Generally spoken France is well in line with the home-country practices and demands and has a high level of acceptance. Those findings in contrast would challenge the results by the study just quoted above by Barmeyer and Davoine (2011).

As expected there is no big institutional influence on the instruments of corporate culture. Neither collective bargaining nor the educational system in France would be source to influence the transfer of practices from the US to France. Therefore we can be very short in our answers here and simply state that no findings in our study would show any macro-level influence on the corporate culture instruments transferred from the US to France. These findings are again in line with findings by Gooderham et al. (1999) who found that it is more the nature of HR work being affected by institutional surroundings in France rather than the outcome of transferred practices.

Also for actor-related influences we cannot report great findings that would impact the transfer of practices. The international setup does once again limit the influencing role of the RHQ as we would find in our data. Other than that there is a perception of cultural differences between the countries as described in this sub-chapter and underpinned by findings from Barmeyer and Davoine (2011). On the other hand no agency power is being exerted to our knowledge in order to impact the transfer of practices.

Table 8.16 “French HRM practices: instruments of corporate culture” gives a concluding overview of the present sub-chapter. We next turn to the appraisal and dialogue systems in France.

*Table 8.16: French HRM practices: instruments of corporate culture
(own compilation)*

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
Values and mission statements (incl. employee survey)	Values and mission statements by definition originated in US	No adaptation or difficulties in acceptance of values in France – described as good cultural fit	Results not in line with literature findings where the implementation of code of conducts have led to more trouble than in our study (Barmeyer and Davoine 2011)	No institutional barrier, cultural differences do not lead to any adaptation (corporate culture described as being in line with Western European culture); RHQ in global model and administrative role
Code of conduct	Practice (content, training, and material) originated in the US and transferred globally	Adoption of the practice although a certain passive and mental resistance is present (critique on the process and form in which training is presented)	Findings in line with literature (Barmeyer and Davoine 2011) although literature shows clearer impact on transfer outcome than our results	No institutional feature present to block the transfer, actors' power or willingness not strong enough to influence the transfer outcome; data show no evidence of RHQ impact
Community service and employee involvement	US originated initiatives and instruments to diffusion present in the global organization	Local adaptation – only very limited engagement could be found and some resistance to spread this aspect of corporate culture	Literature proposes a French approach seeking for a social image – not clearly supported in our findings	No institutional impact – actor-related impact with power over meaning, resources, and process influencing the outcome
Workforce diversity	Practices applied in the US with "HealthCo" being business partner to US government, not transfer intention at all – not applicable in France	n/a	n/a	n/a
Other aspects of corporate culture	Reporting structures, personality cult, and short-termism are cultural effects	Adoption of reporting is given along with result orientation in the short-term;	Support from literature for reporting differences (Roche 2013) and short-	No contextual feature in France to prevent reporting structures or short-term

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
	coming from the US to France	resistance to personality cult	termism (O'Sullivan 2000); no results found on personality cult	orientation to be implemented; cultural traits to prevent personality cult to swap over to France
Role of European HR headquarter	Again less presence and effectiveness in France than in Germany – role can be described as administrative in a global RHQ model	No adaptation or adoption of practices that can be directly traced back to the function of European HR role – indicator for the administrator role	n/a	Not acting as empowered player by influencing the transfer of practices from the US to France in this area
Use of expats	Rarely practiced by the US, not practiced by France	n/a	n/a	n/a

8.3.5 Performance Appraisal and Dialogue Systems in France

The practices in the area of appraisal and dialogue systems in France is approached in the very same level as the analysis done for the other areas before. We will describe the actual practices in place, see what was adapted from the transfer of the practice from the home-country with help of our research frame work and find out what the level of support from the literature review is. Special attention is paid to the role of the human resource RHQ. The first practice we will analyze is the appraisal system MD-2.

Appraisal system MD-2 and below hierarchical levels

We learnt throughout the analysis so far that two different forms of appraisal systems at MD-2 level exist. One that is used in the states and which aims at a more performance related appraisal, and a second one developed in collaboration between the European HR team and the German HR team (4_German_Germany: P47; 5_German_Europe: P24). The latter was developed to have a more European approach to the topic with a rather soft form to have the yearly employee dialogue in a best fitting way. Now we found out that in France interestingly we have a third approach with another distinguishable form (3_French_France: P71). The standardization of the employee dialogues has therefore not occurred in Europe. We will learn later that in Switzerland the European form is used. The European HR team would ask to report the level of fulfilment of the employee dialogue on a regular basis but obviously the mode in which the dialogues are conducted is less important. The degree of standardization is very low. Only during our interview the responsible HR manager in France would learn about standardized form developed in Europe for use in "HealthCo":

“Il y a des formulaires officiels ? Non, je suis sérieux. Il existe un formulaire officiel ? Je n’ai jamais eu un tel formulaire entre les mains. [...] Ce n’est pas une volonté de ma part. On ne m’a jamais parlé de ça.”
(3_French_France: P71)

In literature we find support for the case of adaptation of appraisal systems (Almond et al. 2005) with the difference that for the reported case found in the desk research there was an awareness of having standardized forms but the practice was adapted because the performance related manner of having the dialogues were not applicable in France. Interestingly in our case is again that the RHQ does not interfere to have a certain degree of standardization set in Europe. For the case of France this is again proof to have an international setup that sees France much more closely linked to the US directly than to the European HR headquarters. In turn in the US no specific HR person is designed to monitor and control the activities of a single country in Europe. The role of the RHQ can again be assessed as being administrative but this time the alliances are not even strong to the home-country. This is why we would find ourselves in the unpredictable situation where none of the proposed models by Schütte (1996) comes into play. Our analysis does not show any institutional or cultural features to figure as barrier for transfer of the discussed practice.

Appraisal system MD-1 and above hierarchical levels

On the MD-1 level the practices in place are in line with the standards in the US and elsewhere in Europe. For more details see sub-chapters 8.1.5 “Performance Appraisal and Dialogue Systems in the US” and 8.2.5 “Performance Appraisal and Dialogue Systems in Germany”. In short the tool that is implemented was developed in the US and is used on the hierarchical level of the direct reports in the countries to the Managing Director and above. No adaptation of the practice could be substantiated. No institutional or cultural filter could be found. As it is the case for Germany (and Switzerland) this US tool is used at a level where managers are more exposed to the international way of doing business and the performance related character does not cause any cultural problems (F-7; document). The RHQ facilitates the transfer from the US to Europe with a clear state of expectation from the US team. In this example we could claim the RHQ’s role to be a “coordinator” in a global model.

360° feedback

As it is the case for Germany the 360° feedback tool is not consequently transferred to France. It is an instrument that is used at European management level but not transferred into the respective countries for application. Our data show no specific findings in this area which is not surprising because the US has no strong intention to transfer the tool.

Role of European HR headquarter

The picture we have had so far of the role of the European HR headquarters is confirmed in the area of appraisals and dialogues. With France having close ties to the US directly and not being under the same direct influence as their counterparts in Germany, where the RHQ works door to door with the local team and admittedly is used as sort of a test market (12_German_Europe: P48), the exposure to European initiatives is much less in France. In the examples above we have learnt once again that the RHQ’s role is somewhere between an administrative and a coordinative one in a view of RHQ to act as a global rather than a multi-domestic partner (view for the case of France – not necessarily the same for other countries). The examples we found here for are the non-standardization of the dialogue forms in France and the coordinative role in the implementation of the MD-1 forms throughout Europe. None of the institutional features would prevent the RHQ from acting as described. Our desk research did not show any supporting or contradicting data.

Summary

This summary section will deal with the research questions as presented in the grey box here below.

- i.a. Are typical US HRM practices more standardized and formalized than HRM practices in France?*
- i.b. Are US HRM practices more performance and goal related, and more short term-oriented than HRM practices in France?*
- iii. How are HRM practices of US MNCs accepted in the host-country subsidiaries? To what extent are those practices adapted locally and why?*
- iii.a. What is the general acceptance of US HRM practices in foreign subsidiaries?*
- iii.b. Are US HRM practices adapted in foreign subsidiaries?*
- iv. What are typical French HRM practices in French companies?*
- v. How and to what extent are the HRM practices in subsidiaries in France of the examined US MNC influenced by the local circumstances?*
- iii.c. What is the impact of the (foreign) local institutional settings on US HRM practices?*
- iii.d. How do the institutional settings shape US HRM practices, or in other words what is the level of adaptation due to the local institutional settings?*
- iv.e. How does the educational system in France influence the HR practices (in the US MNC)?*
- iv.f. How and to what extent are the HR practise in France (in US MNCs) influenced by collective bargaining?*
- iv.d. What other influences (host-country effects) do we detect in the present study?*
- v.a. What are the local institutional circumstances shaping HRM practices in France?*
- i.f. What is the influence of the micro-political games and the subsidiary roles on the HRM practices in US MNCs?*
- iii.e. What is the impact of micro-political games on the adaptation of US HRM practices in foreign subsidiaries?*
- iii.f. How does this impact shape the adaptation of US HRM practices in foreign subsidiaries?*
- iii.g. What is the impact of the role of the subsidiary on the adaptation of US HRM practices?*
- v.b. What are the micro-political circumstances shaping HRM practices in France?*
- v.c. How do the local actors shape HRM practices in the host countries?*
- v.d. What influence does the subsidiary role exert on the implementation of HRM practices in the host-country?*
- v.e. What are the power-resources of the foreign subsidiaries and how do they influence the outcome of HRM practices in the subsidiaries?*
- v.f. What other micro-political games do shape the implementation of HRM practices in the foreign subsidiaries?*

In the case of the performance appraisals and dialogue forms it is difficult to have a comparison of standardization. What we find is that in general the standardization degree from the US is rather low with different systems existing worldwide – the exception here is the MD-1 appraisal form. Our data do not show evidence of the US approach to be more performance/goal/short-term oriented than the one used in France. Thus comparison to the literature review remains difficult.

Apparently the adaptation degree of instruments is rather high, not only towards the US tools but also towards the tools developed in Europe. Our findings show mixed results for acceptance and adaptation as displayed in the respective sections above. But clearly a

comparison to literature has to be made on the level of the transfer of practices itself and not so much on the level of acceptance.

For the case of performance appraisals and dialogue systems no institutional feature was identified that would influence the transfer of practices from the US towards France.

We could find no actor-related influence to be qualified as such which has an influence on the transfer of practices from the US towards France. Even though there are different forms used for the employee dialogue this could not be traced back to the actors in France. If an actor-related effect is in place then again this one is down to the role of the European headquarter which seems to have France not directly in scope for the implementation of the practices. For this we refer here again to the models proposed by Schütte (1996) or Lasserre (1996).

Table 8.17 “French HRM practices: performance appraisal and dialogue systems” shall give a summarizing overview before we turn to the last section of analysis of results for HRM practices in France.

Table 8.17: French HRM practices: performance appraisal and dialogue systems (own compilation)

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
Appraisal system MD-2 and below hierarchical levels	Practice requested by US; but material developed in France rather than tools that are especially developed in Europe are used	Practice applied but adaptation of tools – no standardization at all	Supported finding by Almond et al. 2005 with the difference of our example not being open resistance	Transfer could have occurred but awareness was not there; we would claim that this is an actor-related effect with the European HQ not standardizing the tools
Appraisal system MD-1 and above hierarchical levels	US approach implemented throughout Europe and also in France	Fully adopted practice	No specific support found in the desk research	No institutional or cultural filter in place for possible root of adaptation; RHQ has coordinator role
360° feedback	US practice with moderate transfer intention; not transferred to France to our knowledge	No transfer occurred – no further data available	n/a	n/a
Role of European HR headquarter	RHQ again found to be rather administrative (or coordinative at best); not much presence in France	No adaptation process or direct influence on transfer or practices by RHQ; coordination of implementation of MD-1 forms used throughout Europe	No specific findings in our desk research	RHQ to act as administrator / coordinator; no institutional features to hinder RHQ to fulfil its role in the area of appraisals and dialogues

8.3.6 Other HRM Practices and Effects in France

In this present section we will examine the same other effects as for Germany in the very same analysis approach as for the previous HRM areas in France. First, we describe the practices applied and see where adaptations to the home-country practices are made. Then, we will assess the situation with the research framework and see what the support in our desk research for the findings is. The start will build the topic of anti-unionism.

Anti-unionism

Opposite to what we have found in the desk research (Singe and Croucher 2005, Tempel et al. 2005, Royle 1998) anti-union is not a strategy followed by “HealthCo” in the US at all (US-38; 13_US_Golbal: informal exchange). The situation in France reflects this aspects

very well with 2 of the 5 big unions in France having a presence in “HealthCo” France (3_French_France: P20). The reaction from the US tends to be zero and a lot of freedom is given to the local management to deal with the unions on their own.

“Les américains ont peur des syndicats. Mais ils nous laissent faire et ne s’engagent pas dans cette thématique.”

(3_French_France: P18)

Our French interview partners stress that the US view of unions is the one of dealing with communists (1_French_France: P10; 3_French_France: P23). The reality in France is another. The social partners are apparently proud of being part of an American company and collaborate very well with the local management. All of our interview partners (including the works council secretary with strong union relationship) confirm this fact (3_French_France: P23).

“Pour les américains nous sommes des communistes. C’est clair. Mais je dois dire que l’on a une certaine fierté d’être membre d’une entreprise américaine. C’est aussi rassurant. La sécurité pour nos postes de travail est une chose importante pour les syndicats et le comité d’entreprise. Je dirais que l’on travaille bien avec les membres de la direction.”

(1_French_France: P10)

Even though on two occasions our interview partners mentioned that the unions could also be useful as an argument (3_French_France: P18, P23) towards the US if France does not agree on home-country initiatives no explicit example could be found in our study where this argument was used to block practices or enhance French initiatives. The main impact of the unions in France is on the communication side where the management have to inform the unions about the communication with the employees and might need to adapt the communication in certain occasions (2_French_France: P35, P39).

From the research framework perspective we have a classic institutional feature with trade unions presence to impact HR work. But as we have learnt the impact is more on the procedures and the HR function as such rather than on the outcome of the practices.

Mobility

As it is the case for Germany “mobility” is not a topic of importance in France neither. No specific data could be collected on this very topic.

Dismissals

As for the topic of mobility also for dismissals no specific data on very distinctive HRM outcomes could be collected. It is not our aim to replicate French law in this dissertation, therefore we have to keep this section rather short. One of our interview partners admitted though that there are differences between the US and French law and this might lead to discussions at times.

“Chez nous c’est la loi qui dicte la procédure. Il faut que l’on soit capable à montrer un dossier avec les causes du licenciement. En plus il faut respecter les délais de préavis. Aux Etats-Unis ils ne connaissent pas ça. Chez nous il y a un risque juridique avec des indemnités et d’autres paiements. Les Américains ont compris qu’en France ce n’est pas la loi de la jungle.”

(3_French_France: P80)

Even though this statement shows the differences in play we could not draw any further implications on the outcome of transfer of practices from the US towards France. No specific literature findings on this topic were shown by our desk research. From the framework point of view we have an institutional feature (law) that dictates the practices in place.

HR information systems

In sub-chapter 8.1.6 “Other HRM Practices and Effects in the US” we have discussed the roll out of a global HR information system which shall be an obligation for all countries to have it implemented. This is of course also valid for France. Although in the part just referred to we also discussed that at the point in time this dissertation is written the roll out has not kicked-off. Therefore the outcome cannot be discussed in detail here. Apparently the approach chosen from the US for the roll out of the system is slightly different than for other system roll outs in the past where the respective receiving countries had to budget for the system implementation on their own. For the HR information system the program is funded in the home-country to secure the global implementation is not at danger for low budgets in the markets (3_French_France: P47). For the preparation of the system implementation a European workshop for the roll out was held in Germany at the European HR headquarters (12_German_Europe: P25). What came to surface at this workshop was also the language barrier for such a global project. A lot of detailed knowledge necessary for the system implementation is held by local HR people in the market who are not mastering the English project language. The implementation of the system has some obstacles to overcome (12_German_Europe: P25).

In our literature review no specific findings could be filtered out on this very topic. As the transfer of the practice has yet to occur we cannot draft an analysis yet on the outcome of the practice and the potential influences. Therefore an assessment of the situation with our research framework would be reasonable at this point in time. Because unlike for Germany where a certain host-country effect could already be grasped with the co-determination rights. For France this is not possible at this point in time.

Budgeting

The budgeting process is steered by the US where the managers have the responsibility to come out with the desired results by the stock market (see sub-chapter 8.1.6 “Other HRM Practices and Effects in the US”). In France the process is adopted accordingly with the HR budget being prepared by the HR responsible and discussed with the Managing Director before it being presented at international level (3_French_France: P43). The US guidelines are followed very strictly and France is in line with the procedures the US tends to export with very strong intent. Whereas we have no support from our literature review on this very specific topic our research framework analysis shows that the US home-country practice is not influenced by the any institutional or actor-related effects when it comes to the outcome.

Role of European HR headquarters

On our agenda for the analysis of so called “other effects” was also the impact of the role of the European HR headquarters. As it turned out during the analysis of the other HRM areas the role of RHQ is far from being insignificant as the examples in Germany show, even more when compared to France. For the HRM areas discussed in this section the impact of the RHQ could not be filtered out specifically. Anti-unionism is not impacted in the sense that the intersectional play between the US strategy and the French legislation does not require a RHQ intervention. The same counts for the section of dismissals where the local legislation dictates the procedures out of RHQ scope. The budgeting process is mainly steered by the US and with mobility not being a big topic and the HR information systems not being in the implementation phase yet the RHQ’s role is restricted to an observer.

Summary

As for the precedent summary sections we will also here refer to the following grey box for the research questions we seek answers to.

- i.a. Are typical US HRM practices more standardized and formalized than HRM practices in France?*
- i.b. Are US HRM practices more performance and goal related, and more short term-oriented than HRM practices in France?*
- iii. How are HRM practices of US MNCs accepted in the host-country subsidiaries? To what extent are those practices adapted locally and why?*
- iii.a. What is the general acceptance of US HRM practices in foreign subsidiaries?*
- iii.b. Are US HRM practices adapted in foreign subsidiaries?*
- iv. What are typical French HRM practices in French companies?*
- v. How and to what extent are the HRM practices in subsidiaries in France of the examined US MNC influenced by the local circumstances?*
- iii.c. What is the impact of the (foreign) local institutional settings on US HRM practices?*
- iii.d. How do the institutional settings shape US HRM practices, or in other words what is the level of adaptation due to the local institutional settings?*
- iv.e. How does the educational system in France influence the HR practices (in the US MNC)?*
- iv.f. How and to what extent are the HR practice in France (in US MNCs) influenced by collective bargaining?*
- iv.d. What other influences (host-country effects) do we detect in the present study?*
- v.a. What are the local institutional circumstances shaping HRM practices in France?*
- i.f. What is the influence of the micro-political games and the subsidiary roles on the HRM practices in US MNCs?*
- iii.e. What is the impact of micro-political games on the adaptation of US HRM practices in foreign subsidiaries?*
- iii.f. How does this impact shape the adaptation of US HRM practices in foreign subsidiaries?*
- iii.g. What is the impact of the role of the subsidiary on the adaptation of US HRM practices?*
- v.b. What are the micro-political circumstances shaping HRM practices in France?*
- v.c. How do the local actors shape HRM practices in the host countries?*
- v.d. What influence does the subsidiary role exert on the implementation of HRM practices in the host-country?*
- v.e. What are the power-resources of the foreign subsidiaries and how do they influence the outcome of HRM practices in the subsidiaries?*
- v.f. What other micro-political games do shape the implementation of HRM practices in the foreign subsidiaries?*

We find a high degree of adaptation to the US standardization in the areas of budgeting and the intent of the implementation of the HR information system. Also the formalization degree for those areas is very high. On the other hand side the standard procedures and formalization when it comes to dismissals seems somewhat higher in France than in the US. This is mainly legislation driven. We would therefore make the difference between the formalization and standardization degree that is externally required versus the ones internally induced. For the second group the standardization and formalization degree is higher in the US as could be expected from the results from our desk research (Wächter et al. 2004).

For the practices analyzed in this sub-chapter the acceptance is very high and the adaptation is rather low. We have to state at this point that there is not much room given for adaptation

in the practices analyzed. The budget process is very strongly monitored and managers are rated for their capabilities to follow the process. Adaptation of practices are found in the areas with legal requirements such as the dismissal process. “HealthCo” France has also its own approach to the collaboration with unions although no real adaptation from US guidelines is in place, the adaptation is just due to different circumstances in the host-country. Saying this we can state that there is a certain influence present as proposed by the model of Whitley (2000).

To come short to the point the institutional features in France do not impact the outcome of the transfer of HRM practices from the US further than outlined here above. What is re-shaped is the role of HR function (see also Gooderham et al. 1999) when it comes to dealing with unions and the compliance with the information rights. But neither the educational system nor collective bargaining would impact the outcome of transferred practices substantially. For the set of practices analyzed in this sub-chapter no other institutional feature would neither impact a transfer outcome.

Actor-related influences could simply not be found in the set of HRM practices analyzed in this sub-chapter. Even more the impact of the RHQ is even less visible compared to an already very weak impact in the previous areas of HRM practices analyzed. We would claim for its role to be only the one of an observer with the set of practices presented here, not even an administrative role is attributed to RHQ – see models by Schütte (1996) and Lassere (1996).

Table 8.18 “French HRM practices: other HRM practices and effects” summarizes the present sub-chapter. We will next turn to the practices and analysis in Switzerland.

*Table 8.18: French HRM practices: other HRM practices and effects
(own compilation)*

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
Anti-unionism	Anti-unionism has its origin in the US although not for “HealthCo”; French practices show another picture with good collaboration with unions	No practice adaptation as anti-unionism not practiced in “HealthCo” US; adaptation in the sense that “HealthCo” France collaborates well with unions	many examples of anti-unionism in US MNCs not supported (Singe and Croucher 2005, Tempel et al. 2005, Royle 1998); in line with Gooderham et al. (1999) as unions shape the HR function but not the outcome of the practices	Institutional feature of union presence; shapes the HR function in terms of work; does not shape the HR practices outcome
Mobility	n/a	n/a	n/a	n/a
Dismissals	Dictated by French law in procedures	Adaptation of home-country practices as requested by law	No specific findings	Institutional frame dictates the procedures
HR information systems	US triggered initiative with global roll out	No roll out in France done yet, too early to	n/a	Not reasonable at this point in time

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
		assess the project		
Budgeting	US home-country process rolled out globally	Full adoption of the process	No specific findings	No institutional or actor-related barrier to re-shape or adapt the practices as defined in the US
Relations to headquarter / Role of European HR headquarter	RHQ has an observer's role for the areas discussed in this sub-chapter	No adaptation impact from RHQ	n/a	n/a

8.4 Analysis and Results of the HRM Practices in the Host-Country Switzerland

In this sub-chapter we are going to analyze the different HRM practices for the third and last host-country of our study, Switzerland. The approach will be the very same as for the host-countries of Germany and France in the previous parts. We will proceed area per area distinguishing recruiting and selection, training and development, compensation and benefits, instruments of corporate culture, performance appraisal and dialogue systems, and other HRM practices and effects. Our procedure will again be in each of the named categories to describe the single practices, then find out what the adaptation of the practices from the home-country US is. The analysis will be done with the proposed research framework. Further we will see what the role of the regional HR headquarters is and what support we will find from the desk research presented in the chapters above. We start our tour through Switzerland with the practices in recruiting and selection.

8.4.1 Recruiting and Selection Practices in Switzerland

As just described in the introduction of sub-chapter 8.4 “Analysis and Results of the HRM Practices in the Host-Country Switzerland” we will use the same analysis approach as for Germany and France in the different HRM areas and for the single practices analyzed.

Impact of Swiss dual VET system on recruiting and selection

The impact of the dual VET system on recruiting and selection is without any doubt present in Switzerland. It starts with the building up of the process when for the jobs to be recruited for the job descriptions are either established (in case of newly created jobs) or are reviewed (in case of existing jobs). In this phase the educational background of a job holder is defined and the dual VET system used as a reference frame (CH-8; document). The required education is also put in the job ads (CH-9; document) for applicants to know the requirements. Related to the required education is also the presentation of the respective certificates which have to be handed in with the application dossier (24_Swiss_Switzerland: observation). Opposed to the US the technical experience and technical knowledge are very important for candidates to apply for a job in “HealthCo” Switzerland and also in the whole country. “HealthCo” has adapted to the local circumstances in order to get the best

candidates for the open positions to be filled. In this sense the impact of the dual VET in Switzerland on the recruiting and selection process is very high. Further, whenever possible an internal recruiting for a vacant position is sought. This includes also the opportunity for trainees in “HealthCo” to remain with the company after their fulfilled formation. The big majority of the trainees remain with the company after fulfillment of their VET path (CH-10; observation / participation). From the research framework perspective we find a typical institutional host-country effect influencing the recruiting and selection practices in Switzerland. We will further discuss the influence of the system on the training and education practices and by the investments made into this dual VET system we will find again a very strong impact of the institutional surrounding and also the role of the RHQ will be much more prominent than here given the substantial amount of money invested in dual VET. The role of the European HR headquarter is less visible when discussing the impact of the system on the recruiting and selection area. But still, as the German-dominated RHQ is familiar with a similar system in Germany the tolerance and openness towards the dual VET system is a given and practices are not questioned as they are applied in Switzerland (24_Swiss_Switzerland: observation). In our literature review the engagement of Swiss companies in the dual VET system (not necessarily recruiting/selection specific) are supported by Davoine and Schröter (2010), and Schröter (2013).

For the other Swiss specificities such as the consensus-oriented culture or the federalist system no specific institutional effect could be proofed. This might also be related to the fact that in Switzerland “HealthCo” has only presence in one canton.

Other Swiss specific influences on recruiting and selection

One main Swiss specific influence on recruiting and selection might be somewhat related to the federalist system and the cultural differences present in the country. Mainly for the sales and customer service area the need for multi-lingual employees impacts the recruiting and selection processes (CH-11; document; CH-12 document). Where federalism plays a role is not in tax or legislation, as “HealthCo” has only one subsidiary in one canton in Switzerland. The topic comes into play when recruiting sales force living in another area of Switzerland with another salary level and cost of living than in the home-canton of “HealthCo” (CH-13; 24_Swiss_Switzerland: informal exchange). We would class this impacts as cultural (language) and economic respectively.

Personality tests

Switzerland is apparently the only host-country analyzed here where the personality tests are not implemented in the recruiting and selection processes. The only exception when the personality tests are used is on recruiting processes on “director and above” level when the candidates have interviews with US “HealthCo” interviewers as then the accomplishment of such tests for candidates is a must criteria (24_Swiss_Switzerland: observation). The reason why the practice is adapted from the standards in the US and Germany or France is defined to us as actor-related as the local Managing Director is very skeptical towards such tools (24_Swiss_Switzerland: P68). Interestingly the RHQ does not closely monitor the use of the tests available but will only step in for the requirement when candidates are set to have interviews with US recruiters. In this sense the role of the RHQ is located somewhere between a coordinator and an administrator and the alliances are strong with the regional and local realities and conditions. With the high adaptation level in place the Swiss team does not hark back to an institutional feature but the host-country effect is clearly actor-related (power over meaning and process) although no proper discourse and argument line has to be set up in this case. No specific findings on personality tests are present for our desk research.

Long recruiting process

Long recruiting processes (for directors and above) are a fact that also confronts the Swiss team in the area of recruiting and selection. The local recruiting process is somewhat shorter and foresees two to maximum four interviews for one candidate to go through before a final

decision (denial or contract) is taken (24_Swiss_Switzerland: informal exchange). For the director and above functions the process is steered by the US and the local subsidiary has no chance but to follow the protocol dictated by the US. Several of our interview partners have described this process as being very American and being so long to put the recruiting of good candidates at risk.

„Der Rekrutierungsprozess für meine heutige Stelle war eher ungewöhnlich. Die vielen Interviews und Interviewpartner sind das Eine, aber die lange Zeit des Prozesses schreckt die Kandidaten ab. Es birgt daher ein Risiko für die Unternehmung, dass die Kandidaten abspringen. In der Regel haben diese ja auch mehrere Prozesse am Laufen. [...] Dann hast Du wieder ein Gespräch, dann ein Psycho-Test, dann wieder ein Gespräch. Als nicht angelsächsischer Mensch ist dies schwer nachzuvollziehen. [...] Die nächste Instanz für ein weiteres Interview kann nur noch der Papst sein.“
(21_Swiss_Switzerland: P18 – P20)

For local recruiting processes the local standards are applied (25_Swiss_Switzerland: P 61). The adoption of the practice on director and above level is not preventable for the Swiss team. From the point of view of our proposed research framework no institutional, cultural, or micro-political feature influences the application of the practice. For recruiting processes below the hierarchical level of “directors and above” the RHQ is not getting involved. It acts in this case as a coordinator for certain processes with a global understanding of the role, whereas for the processes on lower levels a multi-domestic model is applied with the RHQ having more of an administrator role if there is any to play. No specific findings in our desk research did show up on this specific aspect.

Diversity

Workforce diversity is not a topic that is actively managed in Switzerland. As we have learnt from the chapters above the US has no intention to transfer those aspects of their home-country situation abroad. Nevertheless the Swiss team is proud of having a much outbalanced workforce in terms of gender with slightly more women being employed than men (CH-14; observation). As for the other host-countries Germany and France no specific findings are present for institutional or cultural features of the national context combined with the very low transfer intention from the US the topic on diversity is not present in Switzerland. No special attention is paid to the topic neither by the European HR headquarters to our knowledge. Therefore no discourse or argumentation is needed by the local group. Further no specific findings showed up in our literature research.

Software implementation

Similar to France the recruiting and talent management software “Select” is not implemented in Switzerland (24_Swiss_Switzerland: P46; observation). Given the international setup with Switzerland closely tied to the RHQ in Germany, a country that had the system implemented, this is a rather surprising finding. The reasons for not having the system implemented are very similar to the situation we found in France. The local requirement of having such a system is not given seen the size of the Swiss market (24_Swiss_Switzerland: P46).

„Da werden mit Pauken und Trompeten Projekte angesagt. Zum Beispiel „Select“. Wir hatten hier lokal Bedenken wegen der Investitionshöhe und was es wirklich [an Mehrwert] bringen würde für einen kleinen Markt, bei dem die lokale Sprache ein Muss ist. Wir hatten für uns ohne grosse Rückmeldung das Projekt erst einmal auf Eis gelegt, wenn auch mit einem schlechten Gewissen. In der Zwischenzeit wurde das Tool in gewissen Ländern eingeführt, aber das Projekt wieder abgesetzt. Zum Glück, das Tool machte für uns überhaupt keinen Sinn. Mobilität ist ja schön und möchten wir auch fördern. Aber wie will jemand der nicht deutscher Muttersprache ist bei uns arbeiten, das wird nun einmal verlangt.“
(24_Swiss_Switzerland: P46)

The reaction of the RHQ failed to appear even though Germany had the system implemented. The tactics of the Swiss team was simply ignoring the project and trying to fly under the radar with arguments related to budget and effect held ready in case of discussions (24_Swiss_Switzerland: informal exchange). With the situation in Switzerland given again an actor-related effect (power over resources and meaning) could be filtered out without any specific institutional feature present that would have prevented the system from being implemented. As for many other aspects in HRM practices the limited amount of scientific literature existing on Switzerland on those subjects lead to “no findings”.

Headcount / hiring freeze / job approval

Headcount is a report that is delivered on a monthly basis from the finance team in Switzerland to the respective international managers. It is part of the monthly closing processes (21_Swiss_Switzerland: informal exchange). From a corporate point of view the Swiss team is fully in line with this very standardized and formalized tool. Although the Swiss educational system (dual VET) has an influence on the headcount reporting. The trainees, because their salary cost is much less than for normal employees would only count for 0.375 FTE in the headcount. This reporting is similar apparently to what the German team reports and is backed by the RHQ. As such the institutional conditions in Switzerland shape also the headcount reporting.

Hiring freezes apparently are enunciated every now and then with the goal of the US managers in collaboration with the European management team to reach quarterly financial goals. If done so the Swiss team has no chance but to follow the strategy (24_Swiss_Switzerland: informal exchange).

The job approval process is followed for newly created jobs with a standardized procedure and form to be used for the process to be triggered (CH-15; document).

For this set of practices “HealthCo” Switzerland is fully compliant with the home-country requirements. No institutional or actor-related impact is exerted on the transfer of the practices. The monitoring is supported by the RHQ which acts as a coordinator in a very global setting for this case.

Role of European HR headquarter

What we found out for the role of the regional headquarters in the area of recruiting and selection is that there is not one pre-defined role and strategy how the RHQ acts. It is rather subject to importance attached to practices from the US and transfer intention that leads the RHQ to play a certain role. For practices with strong transfer intention the RHQ takes a more coordinative role and a global mind-set (e.g. hiring freeze or recruiting processes for directors and above). For practices with less focus from the US the RHQ is in a rather administrative role and a multi-domestic approach is chosen (e.g. for software implementation).

Summary

In this summary section about the recruiting and selection practices in the Swiss subsidiary we seek to give answers to the following research questions as listed in the grey box here below.

- i.a. Are typical US HRM practices more standardized and formalized than HRM practices in Switzerland?*
- i.b. Are US HRM practices more performance and goal related, and more short term-oriented than HRM practices in Switzerland?*
- iii. How are HRM practices of US MNCs accepted in the host-country subsidiaries? To what extent are those practices adapted locally and why?*
- iii.a. What is the general acceptance of US HRM practices in foreign subsidiaries?*
- iii.b. Are US HRM practices adapted in foreign subsidiaries?*
- iv. What are typical Swiss HRM practices in Swiss companies?*
- v. How and to what extent are the HRM practices in subsidiaries in Switzerland of the examined US MNC influenced by the local circumstances?*
- iii.c. What is the impact of the (foreign) local institutional settings on US HRM practices?*
- iii.d. How do the institutional settings shape US HRM practices, or in other words what is the level of adaptation due to the local institutional settings?*
- iv.h. How does the system of dual VET influence the local Swiss HR practices (in the US MNC)?*
- iv.i. How does the consensus –oriented culture influence local Swiss HR practices (in US MNCs)?*
- iv.j. How does the federalist state influence local Swiss HR practices (in US MNCs)?*
- v.a. What are the local institutional circumstances shaping HRM practices in Switzerland?*
- i.f. What is the influence of the micro-political games and the subsidiary roles on the HRM practices in US MNCs?*
- iii.e. What is the impact of micro-political games on the adaptation of US HRM practices in foreign subsidiaries?*
- iii.f. How does this impact shape the adaptation of US HRM practices in foreign subsidiaries?*
- iii.g. What is the impact of the role of the subsidiary on the adaptation of US HRM practices?*
- v.b. What are the micro-political circumstances shaping HRM practices in Switzerland?*
- v.c. How do the local actors shape HRM practices in the host countries?*
- v.d. What influence does the subsidiary role exert on the implementation of HRM practices in the host-country?*
- v.e. What are the power-resources of the foreign subsidiaries and how do they influence the outcome of HRM practices in the subsidiaries?*
- v.f. What other micro-political games do shape the implementation of HRM practices in the foreign subsidiaries?*

In terms of recruiting and selection practices we claim the US to have a more standardized and formalized approach than the Swiss. A fact that was to expect given the literature review (see e.g. Wächter et al. 2004). This is shown in rather simple and short procedures for recruiting in Switzerland whereas the US has longer procedures that include some standard measures such as personality tests. We have learnt in previous parts that the long US procedures are not always very well structured but this does not change the higher level of standardization compared to Switzerland. Another indication therefore is also the implementation of the recruiting software in the States, while Switzerland has blocked the chance for an introduction of such a software.

We could not claim for more goal-orientation or short-termism in the US to be present versus the practices in Switzerland when it comes to recruiting and selection. Given the personality tests that are only carried out in Switzerland on “director and above” level we would say that during the recruiting phase candidates in the US have already a higher demand for performance than the candidates in Switzerland.

When we glance at the practices within recruiting and selection we can state that a mixed result is displayed in terms of acceptance. On the one hand Switzerland is compliant with certain instruments and measures such as long processes enriched with personality tests and also headcount reports, hiring freezes, or job approvals are respected. On the other hand side the long processes are only for a certain hierarchical level and for the levels below no personality tests are used during the process. Further the recruiting and talent management software was a practice that found no acceptance in Switzerland. Adaptation of practices or keeping local practices going is a common approach in the Swiss “HealthCo” subsidiary for recruiting and selection. Thus, for all the findings in literature on recruiting and selection adaptation in Swiss subsidiaries (Schröter 2013) we can build on the general conclusion is that there is a certain level of adaptation related to the term of acceptance but a very strict link on very same examples cannot be drawn.

On the side of the institutional effects we clearly find the presence of the dual VET system in Switzerland that shapes the content of recruiting and selection practices. With “HealthCo” being very engaged in dual VET (we are going to learn more about this in the next sub-chapter on training and development) and the Swiss-specific system setting many standards the recruiting is very much depending on dual VET. Further the majority of trainees remain in the company after fulfillment of their education. This fact shapes also the number of external recruiting processes to be triggered. Dual VET also impacts the headcount reporting as displayed in the analysis above. With this we are clearly in line with literature findings (Davoine and Schröter 2010). Linking also the cultural aspects to the institutional influences we can say that also the multi-lingual context in the country shapes the recruiting and selection processes in terms of requirements.

On the actor-related side of influences we have found the presence of power over resources and meaning for isolating the Swiss subsidiary against certain practices as such as the software implementation. Again speaking in general terms we are in line with the models proposed by Dörrenbächer and Geppert (2011). Although our analysis does not show that a certain specific role of the subsidiary would prevent the Swiss team from adopting a certain set of practices. When having a look at the international setup and where Switzerland fits in we can see that the RHQ is directly responsible for the HR activities of the Swiss team. As such there is a certain understanding and sympathy of the predominant German team in the RHQ for the engagement and dealing of the Swiss team with the dual VET (26_Swiss_Switzerland: P78). This will be even more accentuated in the area of training and education. The actor-related impacts are as such also traced back to the role of the RHQ which is different from the role it adopts for France but rather similar to the role the RHQ adopts for Germany.

To conclude this sub-chapter table 8.19 “Swiss HRM practices: recruiting and selection” will give a summarizing overview of our findings. We turn next to the practices in the area of training and development.

*Table 8.19: Swiss HRM practices: recruiting and selection
(own compilation)*

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
Impact of Swiss dual VET system on recruiting and selection	Dual VET heavily impacting the recruiting and selection process; reference frame used to assess jobs and candidates against technical requirements or certificates; majority of trainees remain in the company	Practice of recruiting different in Switzerland compared to the US; other reference frame for the recruiting in place	Importance of dual VET (not only on recruiting) is confirmed by our desk research (Davoine and Schröter 2010, Schröter 2013)	We find ourselves confronted to a typical institutional impact on the practices applied in Switzerland; passive RHQ with understanding of the dual VET system
Other Swiss specific influences on recruiting and selection	Recruiting and selection influenced by lingual requirements and difference in economic wealth between cantons (salary level)	Swiss-effect; no adaptation of any US home-effects	Federalist impact shown by Davoine and Schröter (2010)	Cultural influence on HRM practices
Personality Tests	Originally US practice (UK reverse diffusion) not adopted in Switzerland – tests are only used for recruiting processes with US involvement	Strong adaptation of home-country practice with preference for local solution without personality tests	No contradictions or support in desk research	Actor-related effect with preferences for local procedures (power over meaning and processes) – no institutional features to steer the practices
Long recruiting process – only for directors and above	Only long processes for “director and above” level; for levels below local standards (2 – 4) interviews are the maximum	Adoption of the required standards for directors and above level	No specific findings	No institutional or cultural, neither actor-related effect to re-shape the home-country practice
Diversity	US home-country practices not exported to Europe – no transfer intention	No adoption of home-country practices	No specific findings; Roche (2013) finds less formalized approach of diversity in Switzerland	No transfer intention by home-country combined with no legal requirements in host-country lead to absence of practice

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
Software implementation	US home-country practice originally, not implemented in Switzerland	Full adaptation of the practice with the software implementation being blocked out	No specific findings	Actor-related effect with local preferences and resource management as roots of decline (power over meaning and resources); multi-domestic RHQ in administrative role
Headcount / hiring freeze / job approval	US-originated practices supported by RHQ and followed by Swiss subsidiary	Fully adopted practices; although trainees from dual VET systems are only reported on a reduced FTE	No specific findings	No institutional or actor-related effect having an impact on the transfer outcome – transfer supported by RHQ in a coordinating role and global understanding of action with influencing role on headcount reporting
Role of European HR headquarter	No one-way approach of RHQ, depending on the importance attached to a practice role might change from administrative to coordinative	Influence of RHQ exerted for some practices in order to align global behavior; no influence exerted on others	n/a	Role and impact of RHQ changes; rather passive approach in general with a lot of understanding for local circumstances; impact on high priority topics

8.4.2 Training and Development Practices in Switzerland

The procedure for the analysis of practices in the area of training and development will follow the same structure as for the other HRM areas as well. In a first step the practices as applied in Switzerland are described before finding out what the level of adaptation or adoption is. The role of the European HR headquarters will be analyzed along the assessment of the findings in the system of our proposed research framework for the comprehensive analysis of transfer of HRM practices. Last, our findings are put up against the findings in the literature review. We start this section with the impact of Swiss specific institutional features, the dual VET specifically and second other effects in general, on the transfer of the practices from the US to Switzerland.

Impact of Swiss dual VET system on training and development

The Swiss subsidiary of “HealthCo” is heavily engaging in the dual VET system. The following data has been collected on a specific investigation on the topic of training and development in all three host-countries (CH-16; document). Of the estimated 2.7% of the total payroll cost invested in training and development nearly two third (63%) are invested in the system of dual VET. This is not as high as in Germany (82%) but still a considerable amount of money being spent. Similar to the German “HealthCo” organization Switzerland is deeply engaged in the system of dual VET. As a percentage from the total personnel engaged in the Swiss subsidiary about 7% - 8% are apprentices. This is the highest number of all three countries investigated for this study. Whenever possible apprentices are kept within the organization once they have gained their diploma. Apprentices in Switzerland are educated in administration and logistics. The figure for retention is estimated at 80% of all apprentices. Economically Switzerland has undergone a similar situation as their German counterparts, i.e. slightly decreasing profits on a year to year basis for some consecutive periods. Nevertheless the investment in education has been stable over previous years. Again a parallel to Germany: there is no legal obligation for organizations to be engaged in the dual VET business. But the Swiss “HealthCo” organization sees this as an engagement to society as good corporate citizen – a terminology used when describing the system to foreign parties (CH-17; 24_Swiss_Switzerland: informal exchange).

When it comes to cost pressure Switzerland has never been questioned about the educational expenses in the past. Filters are set at European level where the HR headquarters in Germany are familiar with a very similar system and are doing both not questioning the engagement and advocating it against business headquarters (26_Swiss_Switzerland: P78). At a local level the P&L pressure is blocked by various facts. First, the cost are not significantly high. Second, the investment is seen as a social engagement. Third, similar to Germany the apprentices are seen as a mid-term investment to save cost on expensive external recruitment. Fourth, apprentices help to support the business as cheap workforce from the second year of apprenticeship on.

By the view through the framework we can therefore analyze that the institutional system in place dictates the engagement of the organization in the educational system although no legal obligation is present. With the German HR headquarters helping to shield the investment the Swiss “HealthCo” business undergoes sort of a Swiss-German host-country effect. Actors, identical to Germany, have their power over meaning (socialization with the system and significance of the dual VET), over processes (succession planning and recruiting) and over resources (workforce, recruiting cost, and technical knowledge) helping to shape the adaption of practices. Again similar to Germany the discourse used is technically based but would in discussions also make use of the importance of the social engagement of the company by investing into the educational system.

Our findings are supported by other scientific studies as for example by Davoine and Schröter (2010).

Organizational development strategy

From the two tools available summarizing the organizational development strategy (the European wheel and the US tree, see sub-chapter 8.1.2 “Training and Development Practices in the US”) Switzerland is clearly oriented towards the use of the organizational wheel (25_Swiss_Switzerland: P64; observation). This shows the close collaboration with the European HR headquarter rather than being exposed directly to the initiatives from the US. The European headquarters has a filtering function between the US and Switzerland and vice-versa. In such concrete implementation examples the RHQ role is made visible and shows a described “umbrella” effect from the European team from the US (24_Swiss_Switzerland: P93). The RHQ role can be described as facilitator in the case for Switzerland with a transnational mind-set for the example and practice mentioned here.

In fact of the as the Swiss HR team confirms of the 9 dimensions in the development wheel 4 dimensions have been covered by the company before joining “HealthCo”, 3 have been added and for the 2 remaining the Swiss subsidiary has not implemented the practice, i.e.

potential assessment (in a corporate sense) and team development meetings – both being discussed later on (24_Swiss_Switzerland: observation). In other words there is an adaptation from the European master set of practices contained in the organizational development strategy in Switzerland. From the view of our research framework we can clearly see an impact of the European HR headquarters on the practices applied in Switzerland. Although the two elements missing from the strategy can be traced back to actor-related effects with potential assessment and team development meetings both being blocked for personal preference reasons of the local Managing Director as reported to us (CH-18; 24_Swiss_Switzerland: informal exchange). The arguments from the local MD are aimed towards local practices that are a better fit for the Swiss organization than the European tools, whereas the local practices for these topics are strictly related to personal knowledge of the Managing Director and the HR responsible (CH-18; 24_Swiss_Switzerland: informal exchange). No specific article could be found on this topic for Switzerland in the desk research.

Company specific training

“HealthCo” Switzerland is having a broad set of company specific training. As analyzed in one of the previous sections on the impact of the Swiss dual VET system on training and development, about one third of the 2.7% of the total salary amount is spent on company specific training (see above). This includes also the participation of Swiss employees in the company own “HealthCo”-Academy that offers courses in the German language region in Europe on several topics (24_Swiss_Switzerland: P76; 25_Swiss_Switzerland: P 63). We face a situation where the local practice for investing in local company own specific training is actual along a participation in European initiatives. With this natural mix in a corporate context we see Switzerland as having fully adopted the European way of company specific training, i.e. a hybrid solution from an US point of view. The regional headquarters figures as facilitator in this case where a transnational model is being lived. From the point of view of our research framework the transfer of practices is somewhat perfectly happening with no institutional or cultural barriers to basically denying the practices. For the reason of only limited literature being available no findings in our desk research can be presented as either supporting or contradicting our study’s results.

Team development meetings and succession planning / personnel development plans

Team development will be precisely one of the topic we will find to be more standardized and formalized in the US compared to the practices in Switzerland. Bringing forward talent in order to succeed employees in key positions is a goal home- and host-country organizations have developed before the partnership. While the US has developed defined processes in which employees in key positions and high potential employees are assessed on a regular basis the Swiss have a much less formalized and standardized process in place. The US follows its strategy with selected tools such as 9-grid-boxes, an elaborated tool to measure performance and potential of the employees, succession planning tools, and regular team development meetings where the analysis of the management and high potential employees takes place. In Switzerland on the personnel personal development plan (PDP) is a tool that finds its application. The origin of the tool is also the US and has been spread all over Europe by the RHQ. In Switzerland employees get mostly the attraction for so called PDP in their yearly employee dialogue (CH-19; document; 25_Swiss_Switzerland: P62). But the other practices such as the team development meetings and with the use of the 9-grid-box are not applied for actor-related-reasons. Until now the Managing Director resisted to implement the other tools as he was convinced to know his organization well enough and had no need to spent hours in formalized processes and standard procedures to show him something he already knew (CH-18; 24_Swiss_Switzerland: informal exchange). The Swiss claim to have it done in their way since years and needed no other approach to bring forward the team (24_Swiss_Switzerland: P75). For the displayed reasons we can claim for a rather high degree of adaptation of the practices. The RHQ figured in some cases as facilitator in a rather global oriented mindset. On the other hand side the

failure to implement certain tools show that there is no consequent approach towards certain topics and loads of freedom is left to the subsidiaries in picking their tools and measures. In these cases the role is more of an administrator with a multi-domestic mind-set. From the framework point of view we cannot claim for any institutional or cultural surroundings of the Swiss company that would bring up a need to decline the proposed practices. Therefore we can say that a pure actor-related effect is in place with a power over processes and meaning in place that allows for adaptation of the home-country practice. In literature no specific findings were filtered out in our review that would bring up this very topic.

Role of European HR headquarter

The role of the European HR headquarter for the HRM area of training and development is mixed and no clear approach can be seen. On the one hand side the local practices are supported and/or tolerated, for example the massive financial investment in the dual VET or the decline of global practices such as team development meetings. On the other hand side some of the initiatives are monitored for their implementation such as the use of personnel development plans. The role in this area of training and development is located somewhere in between an administrator and a facilitator in a system that knows a rather global approach for some practices and a rather multi-domestic approach for others. We conclude that the RHQ acts in the name of the corporate HQ when a certain importance is attached to the measures or certain practices are focused on or prioritized. Unless this is the case a lot of freedom is left open to Swiss subsidiary to develop their own approach that might be away from the US home-country practices.

Anti-corruption training

The anti-corruption training is followed in the same way it is followed in Germany and France (see sub-chapters 8.2.2 “Training and Development Practices in Germany”, and 8.3.2 “Training and Development Practices in France”). The requirement and regulation at the home-country stock market does not leave freedom to the host-countries for adaptation. As described in the sub-chapters referred to here above the home-country institutional frame and business dominates the host-country influences if presence of any.

Other home-country practices related to training and development

Similar as for Germany and France none of the other home-country practices mentioned in training and development find application in Switzerland. Our data collection show no results for practices around coaching and mentoring, collaboration with educational institutions, leadership competency models, performance management training, and 360° feedbacks. We therefore cannot assess the situation any further.

Summary

As for the previous sub-chapters we will again seek answers with this summary to the research questions as displayed in the grey box here below.

- i.a. Are typical US HRM practices more standardized and formalized than HRM practices in Switzerland?*
- i.b. Are US HRM practices more performance and goal related, and more short term-oriented than HRM practices in Switzerland?*
- iii. How are HRM practices of US MNCs accepted in the host-country subsidiaries? To what extent are those practices adapted locally and why?*
- iii.a. What is the general acceptance of US HRM practices in foreign subsidiaries?*
- iii.b. Are US HRM practices adapted in foreign subsidiaries?*
- iv. What are typical Swiss HRM practices in Swiss companies?*
- v. How and to what extent are the HRM practices in subsidiaries in Switzerland of the examined US MNC influenced by the local circumstances?*
- iii.c. What is the impact of the (foreign) local institutional settings on US HRM practices?*
- iii.d. How do the institutional settings shape US HRM practices, or in other words what is the level of adaptation due to the local institutional settings?*
- iv.h. How does the system of dual VET influence the local Swiss HR practices (in the US MNC)?*
- iv.i. How does the consensus –oriented culture influence local Swiss HR practices (in US MNCs)?*
- iv.j. How does the federalist state influence local Swiss HR practices (in US MNCs)?*
- v.a. What are the local institutional circumstances shaping HRM practices in Switzerland?*
- i.f. What is the influence of the micro-political games and the subsidiary roles on the HRM practices in US MNCs?*
- iii.e. What is the impact of micro-political games on the adaptation of US HRM practices in foreign subsidiaries?*
- iii.f. How does this impact shape the adaptation of US HRM practices in foreign subsidiaries?*
- iii.g. What is the impact of the role of the subsidiary on the adaptation of US HRM practices?*
- v.b. What are the micro-political circumstances shaping HRM practices in Switzerland?*
- v.c. How do the local actors shape HRM practices in the host countries?*
- v.d. What influence does the subsidiary role exert on the implementation of HRM practices in the host-country?*
- v.e. What are the power-resources of the foreign subsidiaries and how do they influence the outcome of HRM practices in the subsidiaries?*
- v.f. What other micro-political games do shape the implementation of HRM practices in the foreign subsidiaries?*

From what we can draw from our study the US approach to training and development is definitively more standardized and formalized when it comes to company own programs. Those findings on high US formalization are definitively in line with findings from our desk research (Ferner et al. 2005a). The different systems in the respective countries and the related institutional features are a different story. But when talking the practices related to training and development our results show much more structure and a more comprehensive approach in the US than in Switzerland. We would claim for the US measures to be slightly more performance oriented (see also Ferner et al. 2004) with the practices also closer related to the performance appraisals and employee dialogues. However we cannot make a statement for the goal-orientation or short-termism.

We could not say the general acceptance of the US approach to training and development is not given. Simply the institutional frame in Switzerland with the respective educational system in place clearly shapes the Swiss approach to training and development – findings supported by Davoine and Schröter (2010). However we found some actor-related effects where the local preferences declined a US practice to be applied in Switzerland for more micro-political rather than institutional reasons. With this the micro-political impacts as proposed for example by Schotter and Beamish (2011) in our desk research are supported. Where there is focus from the US and monitoring from the RHQ the adoption is full. For other practices adaptation is more of a topic. Generally spoken we found mixed results with a rather skeptical mindset in Switzerland towards the US practices.

The main institutional feature to have an impact on HRM practices related to training and development is doubtlessly the dual VET system in Switzerland. The company specific training and training investment is completely driven by the Swiss national business system. Again support from our desk research is there by researches from Davoine and Schröter (2010). On other specific areas such as the team development strategy and approach as such the Swiss NBS has only very limited influence. The practices and the transfer are rather shaped by micro-political games as will be outlined below. Other Swiss specific features such as the consensus-oriented culture or the federalist system (Davoine and Schröter 2010) could not have a proofed impact on the transfer of practices.

As for the actor-related impacts we have found some examples where the local power over meaning and processes (as proposed by Ferner et al. 2012) has shaped the transfer outcome. Interestingly the adaptation of those practices cannot hark back to institutional features at all. It is actors' preferences that shape the practice. This will be an interesting point of analysis for our conclusion. In the sense of actor-related effects we can state that the RHQ has a mixed approach on how to influence the transfer of practices. We found out that for practices with high transfer intention from the US the RHQ takes rather a facilitator role and acts as a global HQ, while for practices less in the focus of the home-country the approach is rather administrative and multi-domestic.

To conclude this sub-chapter table 8.20 "Swiss HRM practices: training and development" will give a summarizing overview. We then turn to the practices of compensation and benefits.

*Table 8.20: Swiss HRM practices: training and development
(own compilation)*

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
Impact of Swiss dual VET system on training and development	Educational system in Switzerland shaping the engagement in training and education; Swiss specific approach not similar to US	Full adaptation of US practices to Swiss conditions and context	Strong support (e.g. Davoine and Schröter 2010)	Institutional setting influencing the practices in training and education; RHQ support in an administrative and multi-domestic approach
Organizational Development Strategy	Practices based on the European	Adaptation of the original strategy – not all elements of the OD	No specific findings	No institutional or cultural impact; clear presence of actor-related

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
	version of the OD strategy	strategy are implemented (i.e. potential assessment and team development meetings)		effects with power over meaning and processes shaping local decline of practices; RHQ being in facilitator role in multi-domestic mind-set
Company specific training	Mix of company own training between European initiatives and locally specific trainings	We claim this situation as representing a full adoption of the proposed practice by the European (not US) HR team; hybridization	No specific findings	No institutional or cultural filters to deny the implementation of practices; actor-related effect in the sense that the RHQ is triggering an European approach of the practice (rather than US); facilitator role in multi-domestic approach
Team Development Meetings & Succession Planning – Personnel Development Plans	US induced practices that failed to be implemented with exception of the personnel development plan; no implementation of team development meetings or succession planning tools	Adaptation of the home-country practice with exception of the personal development plan that is offered during the series of employee dialogues; high degree of adaptation	No specific findings	No institutional or cultural frame to block out the proposed home-country practices; strong actor-related effect with power over processes and meaning; mixed RHQ approach from being administrator or facilitator and more global or local oriented
Role of European HR headquarter	RHQ acts as global HQ and facilitator for US-prioritized practices and measures; for less prioritized topics a more administrative role is adopted and a multi-domestic approach followed	The role the RHQ shapes the outcome of the practices; for focused topics the practices are adopted in the subsidiary and monitored by RHQ	No specific findings	In the case of training and development the national context dominates the role of the RHQ; but RHQ can facilitate the adoption or decline of practices in Switzerland; similar educational

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
				systems lead to comprehensive approach from RHQ towards Swiss team
Anti-corruption training	Legally founded in the US and compulsory for other countries with the company being listed at the stock market in the US	Fully adopted (compulsory)	No specific findings besides US companies rolling out trainings on corporate values (Fenton-O'Creevy et al. 2008, Quintanilla et al. 2008)	Home-country institutional frame triggering the transfer and dominating host-country institutional frame
Coaching and Mentoring	Not practiced to our knowledge – no data available	n/a	n/a	n/a
Collaboration w/ management schools	Not practiced to our knowledge – no data available	n/a	n/a	n/a
Leadership competency model	Not practiced to our knowledge – no data available	n/a	n/a	n/a
Performance management training	Not practiced to our knowledge – no data available	n/a	n/a	n/a
360° Feedback	Not practiced to our knowledge – no data available	n/a	n/a	n/a

8.4.3 Compensation and Benefits Practices in Switzerland

As usual in the introduction of the specific sub-chapters on HRM practices in the respective countries we will here shortly outline the different analysis steps taken. We will first describe the practices as applied in Switzerland in the area of compensation and benefits, then look at the level of adaptation compared to the US home-country practices. For the analysis we will also assess the influence of the RHQ. For a general description the research framework as proposed will help as the reference point. Eventually we will also see if some support or contradiction can be found in our literature review.

Opposed to the case in Germany and France, where there is works council and union presence, we will not analyze this specific point for Switzerland because there is no presence of neither social partners for the Swiss “HealthCo” subsidiary. Therefore we start our analysis with the subject of individualized pay.

Individualized pay

Not surprising, in the absence of collective bargaining due to no union and works council presence individualized pay is very much the system followed in Switzerland (CH-20; observation). Even though no collective bargaining was in place the Swiss team had some special clause included in the yearly salary adjustment system. In order to not increase the

gap too much between the lowest and the highest salaries, the Swiss had the yearly, general salary adjustment capped at a certain amount of the base salary. The part of the high salaries exceeding amount X was not subject to a general salary increase. With this the effect of high salaries creating much more nominal general salary increases was lowered (CH-20; observation). The system was eventually cancelled due to inputs of the US who did not want the local management, assumably those who touch the higher salaries, to be demotivated due to a system that limits their regular salary adjustment (CH-20; observation). In this sense the Swiss team had to adapt their local system to a US approach (hybridization). The role of the RHQ in this process could not be reconstructed by our interview partner. From a framework perspective no institutional or cultural context would basically influence this adaptation step or hinder it to be happening. This is mainly an actor driven process in a by trend practice with strong transfer intent. The regular salary adjustment process in Switzerland is aligned with the formalized and standardized US approach (27_Austrian_Switzerland: P73). Further than this the Swiss market is seen as the role model in the salary adjustment and MBO process with regularly being the first European country to set all the MBO targets, having signed all the agreements and have the new salaries being implemented in the month of January each year (24_Swiss_Switzerland: P31). Reviewing literature Schröter (2013) found local pay determination in Swiss subsidiaries of US MNCs. In our study this is only the case if a certain line in terms of salary increase in percentage or nominal is not crossed.

Compensation system and strategy

Switzerland has adopted the home-country systems and strategies to a very high (even full) extent. The compensation strategy of having salaries paid at a market median after 3 years of good performance is followed along other initiatives such as participating in compensation benchmarking surveys (EU-13; document). The same is also valid for the salary adjustment process, as just described in the precedent section above. For the salary adjustment process it is important to mention that the yearly adjustments are not determined by a strict performance evaluation in the sense of a company-wide ranking system (CH-20; observation). In this sense there is hardly any adaptation form the US home-country system and Switzerland is very much aligned with the headquarters approach. The role of the European HR headquarter was influencing in the implementation of certain practices. First, the salary adjustment process is heavily monitored and steered by the RHQ (CH-20; observation; EU-13; document). Second, the participation in the benchmarking surveys is coordinated by the RHQ which is also the intersectional point between the different local markets such as Switzerland and the survey company. The yearly process is triggered and steered by RHQ ((CH-20; observation; EU-13; document). The strategy of paying salaries on a market median was also clearly adopted in Switzerland under the respective influence of the RHQ ((CH-20; observation; EU-13; document). In this sense the role of the RHQ is very much one of a facilitator with strong entrepreneurial and integrative elements in a system to be understood as a global one. From the research framework perspective again no institutional feature would impact the transfer of practices. It is a sign of witness of the rather liberal Swiss institutional system compared to other European countries. In our desk research we would neither find strong support nor strong contradiction. Schröter (2013) found some more freedom for local organization in the salary adjustment process. We have to state her that the scientific findings in this intersectional area of US-Swiss MNCs is very limited at the moment.

Performance related and variable pay

Whereas in Germany and France the approach to performance related and variable pay is close to the US standards (see sub-chapter 8.2.3 “Compensation and Benefits Practices in Germany” and sub-chapter 8.3.3 “Compensation and Benefits Practices in France”) we find some level of adaptation in Switzerland. First of all, the formalization process from the US is not followed and managers (even at Director level) are on a Swiss-specific performance evaluation system. This is very clearly rooted in an actor-related effect with the local

Managing Director having developed the Swiss system on his own and refusing to give up his elaborated approach (CH-21; document). The Swiss approach has in principles the same goals as the US one but is very simple in terms of understanding and represents a very rudimentary system whereas the US system is more subtle in the way of calculation for example. There are some efforts by the RHQ to have the US/European system being adopted in Switzerland but at the time of the data collection of this study the old system was successfully defended by the Swiss local Managing Director. Therefore we can qualify this as a typical actor-related effect with a situation of power over resources, processes and meaning in the local market (hybridization).

Second, according to our interview partners and documents collected the variable part of the salary is rather low compared to the fixed part.

„In der Schweiz haben wir einen vergleichsweise hohen Fixanteil für die Salesforce und einen tiefen variablen Teil. In Deutschland ist die meines Wissens umgekehrt. Wir sollten das in der Schweiz auch ändern. [...] Die Leute sollen nicht durch ein tiefes Fixum an der Existenz bedroht sein, aber konkrete Anreize haben sich wirklich in den Verkauf zu schicken.“

(23_Swiss_Switzerland: P31 – P32)

The variable part of the salary for sales forces in Switzerland is about 8% - 12% (CH-20; observation). The two effects described here are closely related with the local Managing Director taking control of the respective systems in place. For both examples there is presence of an actor-related effect with power over processes and meaning in place. No institutional feature could be found of being influential on the outcome of the transfer of the practices. The approach of the RHQ was very soft. There was a discussion with the local Managing Director to adapt the system, but with no direct effect (CH-20; observation). With only very limited literature on Switzerland being available we cannot claim for any support or would find contradiction in our literature review.

Role of European HR headquarter

As analyzed along this sub-chapter we find a mixed influence of the RHQ on the outcome of transfer of practices. The influence is very high where a direct collaboration is present with the local Swiss HR team. The influence is less effective where RHQ has to deal with other partners such as the local Managing Director. All in all the role of the RHQ is a facilitator's with mixed success in a model that would foresee a global approach but compromises for a transnational solution according to the framework of Schütte (1996). We can analyze that the present matrix organization gives the power to RHQ to discuss more assertively with the local HR team but has no direct control of the business. The more a topic is directly related to the business the less effective the influence of RHQ becomes.

Summary

With this summary on the findings on compensation and benefit practices in Switzerland we look for answers to the below listed research questions.

- i.a. Are typical US HRM practices more standardized and formalized than HRM practices in Switzerland?*
- i.b. Are US HRM practices more performance and goal related, and more short term-oriented than HRM practices in Switzerland?*
- iii. How are HRM practices of US MNCs accepted in the host-country subsidiaries? To what extent are those practices adapted locally and why?*
- iii.a. What is the general acceptance of US HRM practices in foreign subsidiaries?*
- iii.b. Are US HRM practices adapted in foreign subsidiaries?*
- iv. What are typical Swiss HRM practices in Swiss companies?*
- v. How and to what extent are the HRM practices in subsidiaries in Switzerland of the examined US MNC influenced by the local circumstances?*
- iii.c. What is the impact of the (foreign) local institutional settings on US HRM practices?*
- iii.d. How do the institutional settings shape US HRM practices, or in other words what is the level of adaptation due to the local institutional settings?*
- iv.h. How does the system of dual VET influence the local Swiss HR practices (in the US MNC)?*
- iv.i. How does the consensus –oriented culture influence local Swiss HR practices (in US MNCs)?*
- iv.j. How does the federalist state influence local Swiss HR practices (in US MNCs)?*
- v.a. What are the local institutional circumstances shaping HRM practices in Switzerland?*
- i.f. What is the influence of the micro-political games and the subsidiary roles on the HRM practices in US MNCs?*
- iii.e. What is the impact of micro-political games on the adaptation of US HRM practices in foreign subsidiaries?*
- iii.f. How does this impact shape the adaptation of US HRM practices in foreign subsidiaries?*
- iii.g. What is the impact of the role of the subsidiary on the adaptation of US HRM practices?*
- v.b. What are the micro-political circumstances shaping HRM practices in Switzerland?*
- v.c. How do the local actors shape HRM practices in the host countries?*
- v.d. What influence does the subsidiary role exert on the implementation of HRM practices in the host-country?*
- v.e. What are the power-resources of the foreign subsidiaries and how do they influence the outcome of HRM practices in the subsidiaries?*
- v.f. What other micro-political games do shape the implementation of HRM practices in the foreign subsidiaries?*

We can state that the US approach to compensation and benefits is much more standardized and formalized than the Swiss approach. Not only because the Swiss do not follow the US standards but also within the systems the US showed much more formalization and standardization. Examples in the literature were found in studies by Cooke and Huang (2011) for instance. We also claim that the US is much more performance and goal oriented – thus in line with findings by Muller (1998) or Almond et al. (2005) – than Switzerland with a higher level of variable parts in the salary.

For compensation and benefits topics the acceptance and adoption of practices is rather low. As discussed above the Swiss have developed their own systems in pay per performance and individualized pay or salary adjustment methods and do only hardly adopt the US

standards. With a low level of formalization and standardization in Switzerland we state that the acceptance in this very field of HRM is rather low. For these findings no direct link can be made to existing literature although we can say that a certain level of “resistance” towards too performance-related and individualized pay was shown by Davoine and Schröter (2010).

As usual we split the analysis of the country specific influences in two parts. One part treating the institutional influences and a second part treating the actor-related effects.

With the very liberal market economy and legal institutional features no real impact or effect can be found related to compensation and benefits that would see the practices transferred being adapted due to the Swiss environment as such. Neither an educational system nor a cultural aspect would impact the transfer of practices into the country. We refer here to the actor-related effects below for the more interesting part when it comes to compensation and benefits. Interestingly none of the institutional features would even serve as a root for discussion or adaptation of practices. We can clearly state that the liberal Swiss system is no source of such arguments.

In the Swiss context of compensation and benefits we could find some actor-related effects. First, there are some effects from the European HR headquarters where an influence is made visible on the compensation strategies and systems in collaboration with the local HR team – see the model by Schütte (1996) for literature support. The facilitator role in the global RHQ mind-set can be qualified as a typical actor-related effect. Second, the role of the local Managing Director defending the Swiss-grown practices against the standardization and formalization of the corporate approach with some power-over situations (resources, meaning, and process) are some nice examples of political games within an organization and firm up the model as proposed by Ferner et al. (2012).

*Table 8.21: Swiss HRM practices: compensation and benefits
(own compilation)*

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
Individualized pay	Very individualized approach; Switzerland was very individual but had to adjust to a more open system by request from the US	Adaptation of the local practice – adoption of US approach; US requested to cancel the capping of yearly salary adjustment methods (hybridization)	Partly supported findings (Schröter 2013); local decision on salary adjustment only possible for a certain percentage or amount under a US defined limit (in our study)	No institutional or cultural barrier in place that would be source for preventing the US approach to be implemented; RHQ role not documented
Compensation system and strategy	Strategic elements and systems in Switzerland adopted from US home-country under control of RHQ	Full adoption of US home-country approach	No direct support found in literature; neither full contradiction; Schröter (2013) found more freedom of Swiss local organization	Absence of institutional or cultural influences on the transfer of the practices
Performance related and variable pay	Swiss approach of MBO sheets and low variable part even for	Adaptation of the US/European approach with no formal adoption	No specific findings	No institutional or cultural influence; actor-related effect with power

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
	sales people in place – the form and content of the practice is Swiss by origin	to the corporate systems (hybridization)		over resources, meaning and processes;
Role of European HR headquarter	In the area of compensation and benefits the RHQ acts mostly as a facilitator with strong integrative and entrepreneurial traits; although with mixed effects	The influence on the transfer of practices is high for areas where a direct impact can be exerted on the local Swiss HR team; where the discussion partner is from the business the effect is lowered	No specific findings	Clear presence of actor-related effects from hierarchical logic; power over meaning, resources, and processes clearly present but lowered when other power-over situations are present (e.g. Managing Director)

8.4.4 Instruments of Corporate Culture in Switzerland

As done in all previous HRM sections in the precedent chapters and sub-chapters we will again use the very same approach to analyze the practices in the area of instruments of corporate culture in Switzerland. This foresees to first describe the practices, then to find out the level of adoption or adaptation of the practices compared to the US home-country standard and format. In this we will also have a look at what role the European HR HQ plays. For the institutional and micro-political influences we will use the proposed research framework before eventually assessing our findings against the literature review results. We start our tour in this area in Switzerland with the values and mission statements.

Values and mission statements (incl. employee survey)

As it is the case for the countries of Germany and France the values and mission statements are completely adopted from the US-home-country in content and form. With values and mission statements being issued with a global validity the full adoption at a first glance is no surprise as such fundamental elements cannot be changed from local market to local market. We found that the values booklets (translated into German language) are present in Switzerland and all local employees have either received a copy when the local organization was acquired by “HealthCo” or when they joined the company. Along with the booklet the US asks all employees world-wide to sign a paper on which the employees confirm having received the values and that they agree to them and act to the best fit of the corporate values (US-30; document). Related to this we can draw here two different findings from our collected data.

On the one hand side our local interview partners admit that the corporate values are not far away from Western European values and that in principles “normal” life goes on with the values and related instruments being implemented during the acquisition.

„95% der Values sind für uns Schweizer Standard. Das heisst die Values haben insofern keinen grossen Einfluss. Ein durchschnittlicher Arbeiter in der Schweiz verstösst durch normales, lokales Verhalten nicht gegen die Values.“

(26_Swiss_Switzerland: P67)

Nevertheless a certain skepticism and sometimes amusement among the Swiss employees towards the US values has not disappeared even years after the acquisition. The values being part of the yearly employee dialogues do still bring some discomfort to the local Swiss employees when confronted with the degree of formalization of values as some of our interview partners express (23_Swiss_Switzerland: P67).

„Die Values passen eigentlich ganz gut, sind aber in unserem Kontext ein Selbstverständnis. Wir verhalten uns nicht anders, nur weil wir die Values haben. Die Werte sind aber zu fest an das Value-Booklet geknüpft. Auch in den Mitarbeitergesprächen, wo im Leitfaden das Booklet noch auf der ersten Seite abgedruckt ist. Das führt dann zu einem holperigen Start. Die Values sind ihrer Existenz nach bekannt aber die Leute kennen die nicht im Detail und wollen die Fragen möglichst schnell hinter sich bringen.“

(25_Swiss_Switzerland: P65)

The formalization of values is also root of some other central comments we received during our data collection phase. In general the statements do all aim in the same direction. The corporate values are not against local values but the level of formalization is something one needs to get used to.

„Leute mit Konzernkontakt haben [dadurch] sicher ein Zugehörigkeitsgefühl zum Konzern. Für die Leute im Call Center zum Beispiel hat sich nichts geändert. Wir waren schon früher nett zu einander. [...] Ich hatte vor 40 Jahren ohne „HealthCo“ Values arbeiten können. Viele dieser Werte sind bei uns intrinsisch, da weicht nicht viel von den [Konzern] Values ab. [...] Aber] wirkliche offizielle Firmenwerte gab es vorher in dieser Form nicht. Des Firmengründers Vorstellungen hatten auch die des Mitarbeiters zu sein.“

(24_Swiss_Switzerland: P48 – P55)

From those quotes we can see that there is a formal adoption of the values that has even after years of the acquisition not necessarily turned into an internalized adoption or referring to Kostova and Roth (2002) a minimal adoption took place.

The second point we refer to here is the signing of the codes of conduct upon reception that led to some squabbling about the content and process. One of our interview partners unveiled that he resisted to sign the accompanying letter to the value booklet for legal reasons.

„Ich habe damals die „HealthCo“ Values nicht unterschrieben. Der Grund war, dass ein Teil darin nicht dem Schweizer Recht entsprach. Es ging da um Themen des Datenschutzes. Man sollte damals ein Begleitschreiben signieren, welches für mich in dieser Form nicht zu unterzeichnen war. Dann gab es Gespräche mit dem HR-Verantwortlichen für Europa und es wurde eine spezielle Version verfasst, die unterzeichnet werden konnte.“

(26_Swiss_Switzerland: P65)

Our interview partner could not remember what aspects of the letter was not compliant with Swiss Law though. But he said that some of his subordinates found that they have been forced to sign the letter to prevent a lay-off. But he insists that this is exaggerated (26_Swiss_Switzerland: P66). Still it expresses and reflects some of the feeling the local employees had at the time the corporate values were presented to them in a formalized and standardized way.

In our interviews there was a complete absence of mentioning the mission statements of the corporate organization. But another element that has been discussed is the corporate culture survey that is conducted every two years. First, we have to state here that Switzerland (opposed to some other countries) has participated in the survey from the very start and we can say the instrument is adopted in its basic principles. Still there seems to be some sort of a cultural misfit in terms of process and content when it comes to the corporate culture survey in Switzerland. The coordination for the conduct of the survey stayed in America and there is only one process and participation window of about 3 weeks every two years. The local markets have to adapt to this (24_Swiss_Switzerland: P58). In Switzerland the main topics about the culture survey – even though adopted – has still been the instrument as such (and the cultural differences) and the participation rate in special. The following statement summarized the latter aspect and the expectation that had to be met.

„[...] Es bestehen Erwartungen vom Konzern bezüglich der Beteiligungsrate, obwohl die Teilnahme freiwillig ist. In 2009 wurde den Mitarbeitenden aber eine Nachricht verschickt und Schokolade verteilt, um die Beteiligungsrate um ein paar %-Punkte zu steigern. [...] Die Amerikaner können nicht verstehen, wieso nicht freiwillig 95% der Mitarbeitenden mitmachen. Bei lokalen Volksabstimmungen nehmen aber auch nur knapp 40% der wahlberechtigten Bevölkerung teil.“
(24_Swiss_Switzerland: P58 – P59)

Coming back to the aspect of the cultural misfit certain statements have been made in this respect.

„Es gibt Unterschiede in der Auffassung solcher Surveys und die Schweizer tun sich schwer den Sinn dahinter zu sehen. Es wird als unnützes Amerikanisches Tool angeschaut, welches die Mitarbeitenden von der Arbeit abhält. Diese Projekte werden auch nicht von der Geschäftsführung gestützt.“
(24_Swiss_Switzerland: P59)

„Die Amerikanisierung wird in Konzepten wie dem Culture Survey wahrgenommen. Schon die Fragestellung wirkt auf uns sehr Amerikanisch.“
(25_Swiss_Switzerland: P55)

But even though there is the described skepticism the practice is still transferred to the Swiss local market.

In a sense the RHQ in Germany has also a certain influence on the conduct of the here described practices. When it comes to the corporate values RHQ was very present in the acquisition and integration phase and as we learnt here above the European HR headquarter was also present as a contact for the Swiss employees when it comes to the signing of the corporate values (26_Swiss_Switzerland: P65). Further for the conduct of the culture survey the RHQ is also monitoring the progress in the respective countries during the participation period and is part of the preparation phase together with the US in order to guarantee a smooth process and high participation rate (CH-22; observation). In this sense the role of

the RHQ for this set of practices can be described as coordinative with a globally structured model in place (according to Schütte 1996). In the case of the conflict in signing the value letter the RHQ also acted as a facilitator in the process.

From the perspective of our proposed research frame work we can say that the adoption of the practice in Switzerland we found is combined with an absence of local institutional circumstances that could prevent the practices from being implemented. Additionally, even though a certain cultural misfit can be sensed for these “American” tools no political action has led to the blocking of the implementation of the practices. With the skeptical mind-set being the driver in some minor resistance we would see a soft hybridization of practices being present here. From our literature review we could not find any supporting or contradicting results. This is most probably due to the very limited number of researches done in the case of Switzerland in this research area.

Code of conduct

For the code of conduct and the related instruments we can clearly state the Switzerland is compliant with the home-country US standard. First, there are the booklets about the values (see section here above about “Values and mission statements” for more details) and the business standards. Those are distributed and an accompanying letter is signed by the employees upon reception. Second, there is an obligatory online training for all “HealthCo” employees world-wide to be repeated every two years. This training is fully implemented along with the “Anti-Corruption” training for the sales force and management, as required by the US. Also for the conflict of interest statement the response in Switzerland is immediate and following the US-requirements as the Swiss interview partners confirm (CH-23; document).

For the role of the RHQ in the signing of the value letter we refer to the previous section in this sub-chapter. There are no special findings for the RHQ for the other processes in our data. Coordination of the online trainings are directly out of the US.

According to our analysis of the institutional and actor-related impacts we cannot find any barrier for the described practices to be implemented. As for the case of the values and mission statements in the previous section, there are no special findings related to this topic in Swiss subsidiaries in US MNCs.

Community service and employee involvement

What we can tell from our gathered data is, that the topic of employee involvement is less present in Switzerland than in the US apparently and further the publicity certain community service actions get is not sought by the Swiss “HealthCo” subsidiary (23_Swiss_Switzerland: P68). It is described that certain activities have been undertaken before joining “HealthCo”, the new aspect being brought from the US is the announcement of certain activities. This is mainly done in the “HealthCo” magazine (23_Swiss_Switzerland: P69).

In this sense the American standard of employee involvement and community service actions with related publication is implemented and we can consider the Swiss practices that already existed have approximated the US standard and the practices are therefore labelled to be adopted.

With the coordination of the “HealthCo” magazine being done from the US the RHQ role is restricted to observation and no impact is exerted from the European HR team located in Germany. Again, for the literature we could not find any supporting or contradicting articles in our desk research.

Workforce diversity

The same reality we found in Germany or France about the workforce diversity is also present in Switzerland – no importance is attached to this topic. Whereas in the US this subject is discussed due to the partnering relationship with the US government the European countries are not exposed to this at all. In the interviews in Switzerland it has been shown to be an irrelevant subject.

Other aspects of corporate culture

For Switzerland we include in this section the striking aspect of the cultural differences between the US and Switzerland perceived by our interview partners. We can name as one of those aspects a local mindset that sees a “local us” (Swiss subsidiary) and an “outside them” (rest of the “HealthCo” universe). The local interview partners describe their local culture as being very strong and distinctive (22_Swiss_Switzerland: P56). Some of the interview partners admit that a more corporate culture is not aspired by local actors.

„Die Konzernkultur wird vor Ort gar nicht angestrebt. Alles wird als ein Muss wahrgenommen. Zum Beispiel werden die Mitarbeitergespräche vor Ort nur gemacht weil man muss. Und so sieht es auch aus mit den Reportings und den Reportingsystemen. Dabei würde uns so vieles auch einfach den Alltag leichter machen.“
(21_Swiss_Switzerland: P65)

The differences in the culture are described to be very actor-related with some major impact of the local managerial style (27_Austrian_Switzerland: P46). The following statement confirms this:

„Amerika und Europa im Vergleich zur Schweiz sind 2 unterschiedliche Welten. [...] Das hat aber mit dem Hintergrund zu tun und ist nicht ein generelles „Schweiz oder USA“ Problem. Es hängt mit dem patriarchalischen Styl vor Ort zusammen. Empowerment und Delegation wird lokal nicht gewünscht aber vom Konzern schon.“
(21_Swiss_Switzerland: P48)

The corporate identity is described as being very little pronounced in the Swiss team. If there is something going wrong the responsible is an anonymous person called “HealthCo”. Further some employees are constantly expressing how they miss “the good old days” when the company was not American yet (26_Swiss_Switzerland: P69). This feeling of differences in culture is somewhat translated to an effect we could observe in the previous section about minimal adoption (Kostova and Roth 2002). The main practices are adopted but the internalization of the sense and meaning is somewhat blocked. Several statements in our collected data point at a still very low level of mental integration of the local organization into the corporate organization (21_Swiss_Switzerland: P32; 27_Austrian_Switzerland: P47). The following quotation shows in a very symbolic way a concrete example:

„Wir hängen immer die [„HealthCo“] Fahne raus wenn Besuch vom Konzern kommt. Wenn der wieder abgereist ist, rollen wir die Fahne wieder ein. Wenn der Besuch aus Amerika ist, wird zusätzlich das Bild des Firmengründers [des Konzerns] aufgehängt. Da verschwinden dann die von einem lokalen Künstler gefertigten Tonfiguren für 2 Tage und [der Firmengründer des Konzerns] lächelt von der Wand.“
(24_Swiss_Switzerland: P108)

Interestingly there are numerous people confirming this cultural clash and not just one or two of our interview partners. Another interesting symbolic effect related to the company’s culture is linked to the local facilities. First, the local company has not been rebranded to “HealthCo” even after 9 years from the acquisition (2014-03-07 observation). Second, the brand “HealthCo” was only made visible from the outside of the building for visitors and people passing by due to the pressure of European management team (24_Swiss_Switzerland: 109). Plus, in our interviews it was also striking that the Swiss facilities are the least corporate designed of all 4 facilities visited (2014-03-07 observation).

Besides the described effects some comments were registered related to the cultural differences between the US and Switzerland. Some of the US-triggered events are perceived as being “very American”, be it a yearly presentation of the results and strategies by the European management team in each country (23_Swiss_Switzerland: P56), an aspired team spirit in management meetings with participation of the European management team (23_Swiss_Switzerland: P57), or the speeches of the global CEO (25_Swiss_Switzerland: P51). The clash of the cultures is described as being a classic example of a Swiss family-run business acquired by a US MNC:

„Der Kontext ist klassisch. US-Börsen Unternehmen trifft auf Schweizer KMU. Vieles wurde bei der Übernahme nicht erklärt oder nicht verstanden. Aber ich denke die kulturelle Integration war nicht genügend. Ein gewisses Verständnis muss man dann halt auch für eine eher abweisende Haltung aufbringen.“
(21_Swiss_Switzerland: P70)

This analysis is even mirrored by some statements of our European interview partners (8_UK_International: P13). In the view of the European team the Swiss subsidiary is in turn perceived as “surprisingly social oriented”, referring to the sort of mental resistance exuded by the local managerial behavior. One of our local interview partners summarizes the actual cultural situation as follows:

„Jede Firma hat eine Kultur. Wir hatten auch vor [„HealthCo“] eine – eine andere. [...] auf jeden Fall machen wir einen extremen Wandel durch. [...] Wir tun uns sehr schwer von dieser streng zentral geführten Kultur in die Management-Kultur überzugehen. [...] wir suchen uns immer noch als Firma. Die Verunsicherung durch die Veränderung ist bei den Mitarbeitenden immer noch spürbar. Plötzlich müssen alle mitdenken und Verantwortung übernehmen. Das ist gerade für langjährige Mitarbeitende schwer.“
(25_Swiss_Switzerland: P52)

The role of the European HR headquarter is very difficult to assess and our data does not show any clear tendencies or direct impacts. Further we have to state that even though there is no perfect cultural fit the practices have nevertheless been adopted and implemented as displayed above. What we can pull from the interviews with the RHQ is that there is an understanding for the clash of cultures but instead of trying to manage the details in the differences the RHQ is focusing on the implementation of the measures and practices (10_German_Europe: P70 – P71). So all in all as much as the symbolic acts and the different cultural traits are present the eventual transfer is only slightly touched and not decisively impacted. We will touch upon the aspects of the different managerial approaches in sub-chapter 8.4.6 “Other HRM Practices and Effects in Switzerland”.

From the proposed research framework perspective we can simply analyze that despite the fact of the cultural differences being a major topic in the Swiss “HealthCo” subsidiary we do only see a very limited actor-related impact (in the case of the employee dialogues – we will refer hereto in the following sub-chapter 8.4.5 “Performance Appraisal and Dialogue Systems in Switzerland”) and no major institutional actor-related impact from the differences described in this section. As it was the case for the previous sections we cannot hark back on specific literature findings in the absence of major studies being conducted in Switzerland on this topic.

Role of European HR headquarter

As described in the sections above we do not have any major impact of the RHQ in the area of the instruments of corporate culture in Switzerland. Most of the initiatives are driven and coordinated directly in the US with no major role for the RHQ to play (CH-24; observation).

Use of expats

As for the other countries the use of expats is not a practice that is used. We have to state although that one of our interview partners is of Austrian (but not US) nationality. But there is a general lack of application of this practice and therefore a general lack of data which forces us to skip this discussion.

Summary

This summary deals with the key findings on instruments of corporate culture in the Swiss subsidiary and seeks answers to the questions as listed in the grey box here below.

- i.a. Are typical US HRM practices more standardized and formalized than HRM practices in Switzerland?*
- i.b. Are US HRM practices more performance and goal related, and more short term-oriented than HRM practices in Switzerland?*
- i.d. Is the corporate culture more formalized and important in an US environment than in European subsidiaries?*
- iii. How are HRM practices of US MNCs accepted in the host-country subsidiaries? To what extent are those practices adapted locally and why?*
- iii.a. What is the general acceptance of US HRM practices in foreign subsidiaries?*
- iii.b. Are US HRM practices adapted in foreign subsidiaries?*
- iv. What are typical Swiss HRM practices in Swiss companies?*
- v. How and to what extent are the HRM practices in subsidiaries in Switzerland of the examined US MNC influenced by the local circumstances?*
- iii.c. What is the impact of the (foreign) local institutional settings on US HRM practices?*
- iii.d. How do the institutional settings shape US HRM practices, or in other words what is the level of adaptation due to the local institutional settings?*
- iv.h. How does the system of dual VET influence the local Swiss HR practices (in the US MNC)?*
- iv.i. How does the consensus –oriented culture influence local Swiss HR practices (in US MNCs)?*
- iv.j. How does the federalist state influence local Swiss HR practices (in US MNCs)?*
- v.a. What are the local institutional circumstances shaping HRM practices in Switzerland?*
- i.f. What is the influence of the micro-political games and the subsidiary roles on the HRM practices in US MNCs?*
- iii.e. What is the impact of micro-political games on the adaptation of US HRM practices in foreign subsidiaries?*
- iii.f. How does this impact shape the adaptation of US HRM practices in foreign subsidiaries?*
- iii.g. What is the impact of the role of the subsidiary on the adaptation of US HRM practices?*
- v.b. What are the micro-political circumstances shaping HRM practices in Switzerland?*
- v.c. How do the local actors shape HRM practices in the host countries?*
- v.d. What influence does the subsidiary role exert on the implementation of HRM practices in the host-country?*
- v.e. What are the power-resources of the foreign subsidiaries and how do they influence the outcome of HRM practices in the subsidiaries?*
- v.f. What other micro-political games do shape the implementation of HRM practices in the foreign subsidiaries?*

According to our interview partners and the above outlined discussions on corporate culture we can definitely state that the US has a much more formalized and standardized approach to corporate culture than the Swiss. The use of value booklets, online trainings, and culture survey was definitely brought to Switzerland during and after the acquisition and is a sign for a much more intense formalization of the practices in the home-country. For support from the desk research see e.g. Wächter et al. (2004). For the instruments of corporate culture we cannot state whether the practices are more goal- or short-term-oriented in the US than in Switzerland. It seems generally that the topic of corporate culture is much more managed

in the US in terms of how to spread the culture internally. On the other side we have also certain statements that managing the culture during the acquisition period was sub-optimal.

We have to clearly differentiate here acceptance and adaptation. In terms of adaptation the Swiss are at a very low level with integrating more or less all of the HRM practices related to corporate culture originated in the US. We can therefore claim for a very high adoption rate. The concept of acceptance is a different story though and we are again in the center of the term of “minimal adoption” (Kostova and Roth 2002). As shown in the section of “Other aspects of corporate culture” we have learnt that even though the practices have been transferred from the US to Switzerland the general acceptance is not very high with a lot of “Americanization” sensed in the host-country.

To bring it short to the point: no major institutional impact could be found in the area of instruments of corporate culture. Neither the dual VET, the consensus-oriented culture, or the federalist system, or any other typical Swiss institutional features have an impact on the outcome of the transfer of practices in this specific area.

On the actor-related side we have seen more action in terms of the responses of our interview partners in Switzerland when it comes to corporate culture, but still the major impacts are held off. There will be one actor-related impact stemming from the managerial culture that has an influence on the employee dialogue systems, but this will be discussed in the respective section that follows. Opposed to what we have experienced in many of the other HRM sections the agency role of the regional HQ was also absent in this area.

We close this part with the summarizing table 8.22 “Swiss HRM practices: instruments of corporate culture”.

*Table 8.22: Swiss HRM practices: instruments of corporate culture
(own compilation)*

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
Values and mission statements (incl. employee survey)	Values, mission statement, and culture survey are US practices by origin; transferred in form and content to the Swiss local market	“Minimal adoption” of the practices in Switzerland, i.e. the formal way is adopted with still some cultural misfit and not full internalization – but from a formal and standard point of view: full adoption (hybridization)	No specific findings on this very topic for Swiss MNC subsidiaries	Absence of institutional or actor-related barrier to prevent practices from being implemented; RHQ acting as coordinator or facilitator in the process in a global model
Code of conduct	Practices originated and coordinated in the US; transferred to Switzerland	Full adoption of the practices without any adaptation to our knowledge	No specific findings on this very topic for Swiss MNC subsidiaries	Absence of institutional or actor-related barrier to prevent practices from being implemented; limited impact by

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
				RHQ (no findings)
Community service and employee involvement	Practice being implemented in Switzerland before the acquisition but intensified by publication and enhancing the investment by US coordination	Adoption of the US practice; the former existing Swiss practice has been adapted to become the US standard	No specific findings on this very topic for Swiss MNC subsidiaries	Absence of institutional or actor-related barrier to prevent practices from being implemented; limited impact by RHQ (no findings)
Workforce diversity	Practices applied in the US with “HealthCo” being business partner to US government, not transfer intention at all – not applicable in Switzerland	n/a	n/a	n/a
Other aspects of corporate culture	Lack of complete subsidiary integration; minimal adoption; symbolic effects – all of them with only minimal impact on the outcome of transferred practices	Despite cultural differences being a major topic no impact on adoption of practices (exceptions discussed in the respective sub-chapters, e.g. employee dialogues)	No specific findings on this very topic for Swiss MNC subsidiaries	No institutional impact; actor-related impact with power over meaning and resources in the case of employee dialogue systems; administrative attitude by RHQ and no detailed orientation to cultural differences (focus on practices)
Role of European HR headquarter	Only limited role for RHQ to play in the field of corporate culture; no major effect or impact	No major impact on the adoption or adaptation of the practices	No specific findings on this very topic for Swiss MNC subsidiaries	n/a
Use of expats	Rarely practiced by the US, not practiced by Switzerland	n/a	n/a	n/a

8.4.5 Performance Appraisal and Dialogue Systems in Switzerland

Repeating the approach we have used for the other HRM areas in the three host-countries we will again start our analysis per practice in describing the practice, look at the level of adaptation from the home-country practice, analyze the influence by the regional human resource headquarters, assess the situation through the lens of our proposed research framework, and see what the level of support from the literature review is.

Appraisal system MD-2 and below hierarchical levels

Analogue to the countries of US but also France and Germany we have to differentiate between two levels of hierarchy and their respective appraisal/dialogue system. In Switzerland there are also 2 different forms depending on whether the appraisal or dialogue is held at Managing Director -1 level (i.e. the direct reports of the Managing Director) or whether we look at the hierarchical levels further below (MD-2 and lower). In this section we describe the latter.

Although the US does also make the difference between MD-1 and MD-2 level the tools and instruments used in Switzerland deviate from those in the US. It is the same effect that we could observe in the other host-countries (Germany and France). In fact, the approach and form used in Switzerland is closely related and the very same as the approach in Germany (CH-19; document; 24_Swiss_Switzerland: P47). For the detailed description we therefore refer here to the respective sub-chapter above 8.2.5 “Performance Appraisal and Dialogue Systems in Germany”. In short, the form used at this level is a rather soft approach compared to the US-home-country solution where a veritable appraisal is also being done at lower hierarchical levels. At MD-2 levels nearly 100% of the employee dialogues have been conducted in the years 2012 to 2014 in Switzerland (observation_field notes: 2015-01-17). Although the forms used are not the same as in the US our interview partners confirm that since joining “HealthCo” these dialogues have been implemented and in former times regular meeting have only been held with the sales force (23_Swiss_Switzerland: P88). Analogue to Germany the dialogues are not directly linked to pay and salary increases (23_Swiss_Switzerland: P91). In turn, employees being subject to those dialogues have the possibility to discuss their personal development (25_Swiss_Switzerland: P62). The following extract from an interview summarizes the situation for the MD-2 level in Switzerland:

„Früher war es so, dass wenn alles gut war, man kein Feedback erhalten hatte, wenn etwas schlecht war, gab es ein riesen Thema daraus [...] Die [Mitarbeitergesprächsformulare] sind standardisiert. Was aber schön ist, ist die Tatsache, dass es nicht direkt lohnrelevant ist.“

(26_Swiss_Switzerland: P72)

We have to state here that from the data we gathered in the interviews and as outlined above there is an adaptation from the US-home-country practice in terms of tools and instruments implemented. The Swiss use the softer European version of the dialogue form which is clearly influenced by the RHQ presence in Germany (CH-19; document). As the RHQ had developed the softer form together with the German HR team those forms are promoted in Europe for use. From this point of view we could even classify the role of the European HQ as “initiator” in a rather transnational understanding of their role. When we glance at the research framework we can analyze that no institutional barrier would have stopped the US form to be applied or influenced the preferences of which form to use. When discussing with the Swiss HR people we find out that the US form was actually never really brought to discussion and the only choice available was the European form to use (CH-25; 24_Swiss_Switzerland: informal exchange). In this sense we have a clear actor-related effect

with the RHQ dominating the process and exerting a power over meaning, processes, and resources.

Again the desk research did not show any specific supportive or contradicting elements with a major lack of research in this area in Switzerland.

Appraisal system MD-1 and above hierarchical levels

A different story from what we have seen at MD-2 level happened at MD-1 level. Whereas at MD-2 level nearly 100% of dialogues have been conducted since the implementation of the instrument the appraisals at MD-1 level have not been conducted at all.

First, that were ready for use at MD-1 level are different from the forms at MD-2 level and are a veritable appraisal form (CH-19; document). This form, developed in the US, was newly implemented in 2014 (24_Swiss_Switzerland: P90). We therefor face the same situation as described in the German case. Second, none of the MD-1 appraisals have been conducted for what is described and observed the very personal preference of the Managing Director even though the appraisal were one of the instruments to prioritize in the last years (observation_field notes: 2014-07-10). This resistance by the MD led to some discussions and interactions in Switzerland as the MD reports said that their boss did not have the appraisals with them, why should they do the dialogues with their subordinates (observation_field notes: 2015-01-17). Further, the European level (business and HR) challenged the Swiss HR team why the appraisals have not been done. The reason the Swiss team had to give is “personal preferences” of the MD (observation_field notes: 2015-01-17). More than that the Swiss HR team tried to boost the instrument by fixing all appraisal dates (with the agreement of the MD) with the MD and his subordinates in order to start the process. But one by one the MD cancelled the meetings (observation_field notes: 2015-01-17). When the data collection for this study ended, no MD-1 appraisal had been done in Switzerland. A certain frustration with the local HR team was being expressed:

„Bei uns heisst es bei amerikanischen oder internationalen Initiativen immer zuerst NEIN oder im besten Fall reagiert man mit Zurückhaltung. Sei dies mit dem Appraisals oder mit den MBO-Sheets, welche standardisiert hätten verwendet werden sollen.“
(24_Swiss_Switzerland: P84)

The role of the European headquarter in HR was very passive on this evolution. The monitoring of the conducted dialogues and appraisals was more or less limited at the total number, which was very high, given the fact that all MD-2 dialogues were done (CH-26; document). In this sense we can analyze that the institutional frame would not be source of any blockade for the practices to be transferred, but that actor-related effects (personal preferences) hindered the practice from being implemented. In this sense a clear power over resources (time allocation), meaning (no preference and perceived missing added value of the tool by MD), and processes (conduction) was exerted. Unfortunately once more we could not hark back to literature findings in this very specific field.

360° feedback

As it is the case for Germany and France the 360° feedback instrument is not actually transferred to Switzerland. It is a tool that is used at European management level but not transferred into the respective countries for application. Our data show no specific findings in this area which is not surprising because the US has no strong intention to transfer the tool.

Role of European HR headquarter

The role of the European headquarter in the case of appraisal and employee dialogue systems in Switzerland is multilayered. On the one hand side the RHQ has developed an own form for MD-2 dialogues and is therefore responsible for the adaptation of the home-country practice in Switzerland (CH-19; document). On the other hand side the RHQ has

been very passive in putting pressure on the local Swiss organization to conduct the MD-1 appraisals. In this sense we have a very broad spectrum in which the RHQ is moving. In one case it is acting as an initiator in the other case it demonstrates a passivity. We can conclude again that the RHQ is not very detail oriented in the single countries but monitor an overall implementation of tools and exhibits a soft approach of harmonization.

Summary

This section deals with findings from our study seeking to give answers to the research questions listed here below in the box.

- i.a. Are typical US HRM practices more standardized and formalized than HRM practices in Switzerland?*
- i.b. Are US HRM practices more performance and goal related, and more short term-oriented than HRM practices in Switzerland?*
- iii. How are HRM practices of US MNCs accepted in the host-country subsidiaries? To what extent are those practices adapted locally and why?*
- iii.a. What is the general acceptance of US HRM practices in foreign subsidiaries?*
- iii.b. Are US HRM practices adapted in foreign subsidiaries?*
- iv. What are typical Swiss HRM practices in Swiss companies?*
- v. How and to what extent are the HRM practices in subsidiaries in Switzerland of the examined US MNC influenced by the local circumstances?*
- iii.c. What is the impact of the (foreign) local institutional settings on US HRM practices?*
- iii.d. How do the institutional settings shape US HRM practices, or in other words what is the level of adaptation due to the local institutional settings?*
- iv.h. How does the system of dual VET influence the local Swiss HR practices (in the US MNC)?*
- iv.i. How does the consensus –oriented culture influence local Swiss HR practices (in US MNCs)?*
- iv.j. How does the federalist state influence local Swiss HR practices (in US MNCs)?*
- v.a. What are the local institutional circumstances shaping HRM practices in Switzerland?*
- i.f. What is the influence of the micro-political games and the subsidiary roles on the HRM practices in US MNCs?*
- iii.e. What is the impact of micro-political games on the adaptation of US HRM practices in foreign subsidiaries?*
- iii.f. How does this impact shape the adaptation of US HRM practices in foreign subsidiaries?*
- iii.g. What is the impact of the role of the subsidiary on the adaptation of US HRM practices?*
- v.b. What are the micro-political circumstances shaping HRM practices in Switzerland?*
- v.c. How do the local actors shape HRM practices in the host countries?*
- v.d. What influence does the subsidiary role exert on the implementation of HRM practices in the host-country?*
- v.e. What are the power-resources of the foreign subsidiaries and how do they influence the outcome of HRM practices in the subsidiaries?*
- v.f. What other micro-political games do shape the implementation of HRM practices in the foreign subsidiaries?*

Drawing from our single case we can definitely state that the US approach is much more standardized and formalized than the Swiss approach. In the US forms have been developed and implemented. In Switzerland those practices only begun after joining “HealthCo”. Further, according to the forms used in Switzerland, they have a much less performance and goal oriented approach (for MD-2) level than the US. See Muller (1998) or Geary and Roche (2001) for support from literature.

The findings here are very mixed. At a first glance, the acceptance of the practices seems to be very high when looking at the amount of appraisals and dialogues having been conducted in general. At a second glance we can see, that none of the US-originated practices has been applied. First, the form for the MD-2 level and below is fully adapted and is not based on the US form (adaptation through RHQ in Europe). Second, the MD-1 level is completely lacking in carrying out the appraisals. We should not neglect the role of the RHQ here. It was central in the adaptation of the practice at MD-2 level. Nevertheless, if we look at the situation form distance we have to say that the acceptance is very low and we face a high level of adaptation in the HRM area – stemming from micro-political sources we have support from our findings from the likes as Dörrenbächer and Geppert (2011).

From our findings in the study we could not see how the institutional context in our case would have influenced the transfer of practices related to appraisal and dialogue systems. None of the Swiss specific institutional features would show up in our analysis. We therefore do not further expand on this at this point in the dissertation.

There are without any doubt some actor-related influences as described. First, the RHQ played a central role in adapting the US-home-country practice in form of developing a European version of the employee dialogue form. Again models as proposed by Lassere (1996) would serve as supporting examples in this case. It has taken the role of an initiator and has influenced the situation with some power over resources (knowledge and position), meaning (cultural adaptation to Europe), and processes (implementation). Second, another actor-related effect could be filtered out in terms of the personal preferences of the Swiss local MD for implementing the MD-1 form. There again we have the situation of a classic “power over” constellation with processes (implementation), meaning (personal preferences), and resources (time and priority setting) being affected – see Ferner et al. (2012) for literature support.

We conclude this sub-chapter with the summarizing table 8.23 “Swiss HRM practices: performance appraisals and dialogue systems”.

Table 8.23: Swiss HRM practices: performance appraisal and dialogue systems (own compilation)

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
Appraisal system MD-2 and below hierarchical levels	Appraisal / dialogues originated in US but adapted in Europe; Swiss to use European form (softer than US)	Adaptation from home-country form; use of European standard (adoption)	No specific findings on this very topic	No institutional impact; actor-related impact clearly visible; RHQ to play a major role as initiator and exerting power over resources, meaning, and processes
Appraisal system MD-1 and above hierarchical levels	No appraisals being done at MD-1 level	Rejection of the practice; no transfer	No specific findings on this very topic	No institutional impact; actor-related impact by local MD; power over meaning, processes and resources; RHQ

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
				very passive in only administrative role with weak alliances shown
360° feedback	US practice with moderate transfer intention; not transferred to Germany to our knowledge	No transfer occurred – no further data available	n/a	n/a
Role of European HR headquarter	Acting in a monitoring role at very high level; no detail orientation	Influences the transfer of practices by developing own tools; monitoring of transfer at very high level	n/a	Actor-related impact by RHQ; role depending on the subject (reaching from initiating to passivity)

8.4.6 Other HRM Practices and Effects in Switzerland

Also for the last section of the analysis of HRM practices in Switzerland we will use the same approach, i.e. we will first describe the practices found in Switzerland before analyzing the level of adaptation. Further we will examine the influence of the RHQ based in Germany on the transfer of HRM practices before assessing the findings against our proposed research framework. Eventually we will see whether we find support or contradiction in existing literature. We start this last part on the topic of anti-unionism.

Anti-unionism

In opposition to France but in line with Germany “HealthCo” Switzerland has no union presence. This is not due to an anti-union strategy as it is explained to us by our interview partners (CH-26; 24_Swiss_Switzerland: informal exchange). In this respect the approach reflects also the answers we got from the interview partners from the US where no anti-union campaign is set up (US-38; 13_US_Golbal: informal exchange). In the absence of such practices – which is actually the opposite of the expected from our desk research – on both sides of the Atlantic an assessment with our proposed framework does not make sense. In our desk research we could not find any specific findings that would be related to a situation faced in our study.

Mobility

Similar to our findings in Germany and France mobility is not a very developed practice in “HealthCo” Switzerland neither. There is only one single case of impatriation in Switzerland (Austrian nationality). One of our interview partners sees the reasons of bringing this person to Switzerland as a reaction to the cultural misfit and the non-adoption of certain “HealthCo”-management principles by the local Managing Director. In his view the impatriation is to build up some pressure for adaptation (21_Swiss_Switzerland: P50). The example we refer here to is the only one as it is confirmed to us by other interview partners (23_Swiss_Switzerland: P83). Directly after the acquisition there was a reported close collaboration which is not to be confounded with mobility as an HRM practice (22_Swiss_Switzerland: 28). One of the hurdles for international mobility to swap over to Switzerland lies with the mastering of the

local Swiss dialect, which is a must for the size of the organization (24_Swiss_Switzerland: P45).

As mobility is not enhanced from a European perspective in Switzerland as a veritable HRM practice the role of the RHQ is very passive. The example of the European management bringing in a “HealthCo” mind to the local business in order to break up with old mind-sets is as such not directly linked to the core idea of mobility and will be discussed in more detail in the last section of this sub-chapter. With mobility not playing a major role neither in the US nor in Europe in general an assessment of the situation with our research framework would not make sense either for this practice. In our desk research no directly linked findings could be discovered.

Dismissals

In the very liberal market economy of Switzerland dismissals are actually not a topic that is discussed between the Swiss local team and the respective European or US partners (23_Swiss_Switzerland: P93). This is also confirmed by our European interview partners (7_UK_Europe: P61). In this respect we can say that the institutional framework in Switzerland is dominating the practices and for Switzerland the topic is bedded as such as no discussion needs to be held or no measures need to be taken to get in line with the home-country practices (23_Swiss_Switzerland: P93; 7_UK_Europe: P61). There are no specific findings in our desk research related to this topic nor is there a specific role taken by the RHQ.

HR information systems

At the time of our interview series no HR information system has been implemented (see sub-chapter 8.1.6 “Other HRM Practices and Effects in the US”) although figures and data are transferred to the US upon request. But to describe it as an information system would be exaggerated. (24_Swiss_Switzerland: P61 – P62). Where a system would include some data information exchange such as “Select” Switzerland has not implemented it (see sub-chapter 8.4.2 “Training and Development Practices in Switzerland”). For the time being we cannot assess the situation against our research framework although we do not expect major barriers to be unveiled once the practice shall be transferred. We have to state here that one of our interview partners referred to the fact that the USA are classified as “unsafe country” for data transfer and that in such cases a special authorization for data transfer has to be applied for (24_Swiss_Switzerland: P61).

In this sense we are forced to acknowledge that for the time being an assessment against our research framework would not make sense either for the analysis of the HR information system at this point in time. Further, as no activities are in place yet, we cannot evaluate the role of the European HR headquarter in this matter neither. From our literature review we can further not draw any specific findings in this aspect.

Budgeting

From a budgeting point of view we can say that in Switzerland the HR budget has been established by the finance department for a long time. Only in recent years the personnel budgeting has gained more attraction and detail level and has now be handed over to the HR department (observation_field notes: 2015-01-17). In the past the budgeting in Switzerland was established according to a different calendar than used in the US. In the US in order to have the different quarters within a year and between the years on a comparable basis, the months’ ends are set as such as every quarter has the same amount of business days. In Switzerland the budgeting process has only recently adapted to this system and has given up the regular yearly Gregorian calendar as a budget basis (observation_field notes: 2014-06-14). In this sense the budgeting process in Switzerland has now be adopted from the US also in terms of processes and timelines (CH-27; observation). The alignment with the US has been discussed with the European business responsible without any impact from the European HR headquarter (CH-27; observation). Looking at the situation from our framework perspective we can say that no institutional or actor-related barrier (although

certain resistances existed - observation_field notes: 2014-06-14) was in place to hinder the transfer of this practice from the US to Switzerland. We could again not find any specific contribution on this very topic in our literature review.

Relations to headquarter / Role of European HR headquarter

The relations to the headquarters in Europe and the US is described as good in HR terms (24_Swiss_Switzerland: informal exchange). Although on the business side there were some discussions about the management culture and managerial style of the Managing Director in Switzerland.

“Take [the Swiss subsidiary] again as an example. We want the management teams to take decisions together to ensure performance. But in Switzerland hardly any decision is taken collectively. It is too much centered on one single person. We are trying to change this.”
(8_UK_International: P16)

This fact of the local resistance and low level of consensus is confirmed by other interview partners (21_Swiss_Switzerland: P49; 27_Austrian_Switzerland: P46; 25_Swiss_Switzerland: P81). First, this is not what we have somewhat expected from our literature review with Davoine and Schröter (2010) describing the Swiss culture as consensus oriented. From our interviews we draw that the influence of the actors is expressed in blocking out some of the practices aimed to be transferred to Switzerland (e.g. MBO systems, appraisal process, etc.). The power over local processes, meaning, and resources has clearly an impact here.

Coming back to the role of the RHQ in the aspects discussed in this section on other effects we have to state that according to the findings displayed above there is no real assessment possible due to the lack of involvement in the process by RHQ in nature or the lack of the disposability of the practices to be transferred.

Summary

Also for this last summary section we seek answers to the research questions as listed in the grey box here below.

- i.a. Are typical US HRM practices more standardized and formalized than HRM practices in Switzerland?*
- i.b. Are US HRM practices more performance and goal related, and more short term-oriented than HRM practices in Switzerland?*
- iii. How are HRM practices of US MNCs accepted in the host-country subsidiaries? To what extent are those practices adapted locally and why?*
- iii.a. What is the general acceptance of US HRM practices in foreign subsidiaries?*
- iii.b. Are US HRM practices adapted in foreign subsidiaries?*
- iv. What are typical Swiss HRM practices in Swiss companies?*
- v. How and to what extent are the HRM practices in subsidiaries in Switzerland of the examined US MNC influenced by the local circumstances?*
- iii.c. What is the impact of the (foreign) local institutional settings on US HRM practices?*
- iii.d. How do the institutional settings shape US HRM practices, or in other words what is the level of adaptation due to the local institutional settings?*
- iv.h. How does the system of dual VET influence the local Swiss HR practices (in the US MNC)?*
- iv.i. How does the consensus –oriented culture influence local Swiss HR practices (in US MNCs)?*
- iv.j. How does the federalist state influence local Swiss HR practices (in US MNCs)?*
- v.a. What are the local institutional circumstances shaping HRM practices in Switzerland?*
- i.f. What is the influence of the micro-political games and the subsidiary roles on the HRM practices in US MNCs?*
- iii.e. What is the impact of micro-political games on the adaptation of US HRM practices in foreign subsidiaries?*
- iii.f. How does this impact shape the adaptation of US HRM practices in foreign subsidiaries?*
- iii.g. What is the impact of the role of the subsidiary on the adaptation of US HRM practices?*
- v.b. What are the micro-political circumstances shaping HRM practices in Switzerland?*
- v.c. How do the local actors shape HRM practices in the host countries?*
- v.d. What influence does the subsidiary role exert on the implementation of HRM practices in the host-country?*
- v.e. What are the power-resources of the foreign subsidiaries and how do they influence the outcome of HRM practices in the subsidiaries?*
- v.f. What other micro-political games do shape the implementation of HRM practices in the foreign subsidiaries?*

For the set of practices analyzed here we can claim that the standardization in the US is higher for the topics of budgeting (processes) and HR information systems. Switzerland had to adapt to the budget process and will be confronted to the implementation of an HR information system shortly. In the nature of the examples stated we can also state that the US approach is somewhat more performance and goal oriented with more structure in numbers and reports in their system than the original Swiss system. Again we can draw back to the findings of Wächter et al. (2004) for theoretical and empirical support. No statement can be made on the aspect of the short-term orientation here.

With most of the practices analyzed not strictly followed by the US either as a developed HRM strategy (anti-unionism, mobility, etc.) we can only have a limited declaration on the

acceptance and adaptation as those elements would require a clear form in practice in the home-country. Eventually the acceptance for the budgeting process was there and the home-country practice has been adopted. As learnt in the discussion above the political discussion was there and the acceptance not an easy one in Switzerland for local practices to be changed for global practices. In terms of the local management style discussions are still ongoing. See e.g. Morgan and Kristensen (2006) for the literature review related to this topic.

The institutional impacts are very limited for the set of HRM practices included here. The clear dominance of the institutional setting is with the dismissal processes where the Swiss law is the predominant element in shaping the practices. This is in line with models proposed by Whitley (2010). Further we have to state that against our expectation from the desk research in “HealthCo” Switzerland there was not such a thing as a consensus-orientation (as proposed by Davoine and Schröter 2010) for discussions with the international and European centers. For the rest we can say that neither the dual VET nor the federalist state has an impact on the transfer of the HRM practice set presented in this sub-chapter.

The micro-political games going on in Switzerland for the set of HRM practices presented in this sub-chapter are all focusing on the management style. We have referred to some impacts discussed in previous sections (MBO forms, appraisal systems) but in this very set of practices the main topic is the managerial approach that leads to discussions. Although without any concrete impact on the topics of anti-unionism, mobility, or dismissals the budgeting process challenged the collaboration between the local organization and the international or European partners. We refer here again to the findings in our desk research in the studies by Morgan and Kristensen (2006).

We conclude this sub-chapter with the summarizing table 8.24: “Swiss HRM practices: other HRM practices and effects”.

*Table 8.24: Swiss HRM practices: other HRM practices and effects
(own compilation)*

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
Anti-unionism	No anti-union practice in place; no unions are present	n/a	No specific findings for Switzerland; confirmation in so far as Schröter (2013) found no union presence in his study (although rather due to hostility)	n/a
Mobility	No veritable mobility practice in place	n/a	No specific findings for Switzerland	n/a
Dismissals	No specific practices; dominated by local law; very liberal approach in Switzerland	No specific transfer has taken place; dominated by local institutional frame	No specific findings for Switzerland	n/a

Practice / Effect	Background of practice	Practice transfer / adaptation	Literature review support	Framework assessment
HR information systems	No practice in place or being transferred yet	n/a	No specific findings for Switzerland	n/a
Budgeting	Process and practices originated in the US and exported to Switzerland	Full adoption after some political discussions	No specific findings for Switzerland	No institutional or actor-related impact has influenced the transfer outcome; no role for RHQ to play in this
Relations to headquarter / Role of European HR headquarter	Actor-dominated managerial style in Switzerland; some tensions between the local organization and the HQ	Transfer of practices influenced by power-over situation in certain topics (e.g. MBO forms, appraisal systems, etc.)	Contradictory to our expectations from the literature review (Davoine and Schröter 2010)	Actor-related effects with clear power-over situations in all aspects (resources, meaning, processes); RHQ role not relevant here

We next turn to the last part (D) of this dissertation in which the discussion and conclusions on the present investigations find their places. The content will be such that we summarize the findings according to their macro-level or micro-level nature and will provide an overview within these categories by country. Adding to this we will also display the interplays between both categories and close the dissertation with the contributions of the study.

PART D: KEY FINDINGS, CONCLUSIONS, AND CONTRIBUTIONS

9. Discussion of Key Findings

In this second last chapter we want to draw the conclusion from the analysis and results of our study as presented throughout chapter 8 „Analysis and Results of the Empirical Study“. Our investigation was based on an integrative approach combining a macro (institutional) and a micro (actor-related) analytical view on the transfer of HRM practices in MNE. In other words the goal was to see how the institutional context of an international setup and existing actor-related circumstances influence the adaptation and adoption of HRM practices in multinational organizations. To elaborate on this a set of research questions and derived assumptions (as presented in sub-chapter 6.3 “The Research Framework”) were formulated. The formulated research questions in turn are based on an extensive literature review on this topic and enfold results and findings that lead to our assumptions from both research lines: the institutional approach (e.g. Whitley 2000, Wächter et al. 2004) and the micro-political approach (Dörrenbächer and Geppert 2011, Morgan and Kristensen 2006). In the concluding chapter we will give answers to those research questions according to the findings of our study and investigation as presented. The outcome of the study is based on the analysis supported by our integrative research framework (as outlined also in sub-chapter 6.3 “The Research Framework”) taking into consideration macro-level elements (Wächter et al. 2004) and micro-level elements (Ferner et al. 2012).

Whereas in the existing literature on this very topic there is a controversy about the right approach – institutional versus actor-related – for the analysis of impacts on the transfer outcome in an international context we claim that a combinatory approach (integrative) is needed (Ferner et al. 2005, Mayrhofer et al. 2011, Redding 2005, Whitley 1997, Kristensen et Zeitlin 2005, Morgan et Kristensen 2006, Blazejewski et Becker-Ritterspach, 2011; Mudambi et Pedersen 2007). An approach that has also been called for very recently by authors active in the research in this very field (Dörrenbächer and Geppert 2011, Jackson 2010, Ferner et al. 2012).

The setup for the present chapter foresees to shortly summarize the most pertinent characteristics of the single case study enterprise in sub-chapter 9.1 “The Single Case Study Enterprise”. The key findings are then presented by nature of impact (institutional, actor-related, and combined) in the sub-chapters 9.2 “Key Findings: Institutional Impacts on the Transfer of HRM Practices” and 9.3 “Key Findings in Institutional-Actor Interplay: Actor-related impacts, Combination Effects, Command Effects, and Transfer Intention and Hybridization”. The display of the findings is by country. We will conclude this dissertation with the central contributions of our study and some thoughts on the limitation of the present investigation (10. “Contributions of the Present Study and Limitations”).

9.1 The Single Case Study Enterprise

In order to recall the representative character of the case study enterprise we will discuss here the most relevant characteristics of the investigated organization compared to the literature findings of typical US MNCs.

Chandler (1977, 1990) describes the managerial structure and model of the managerial capitalism that has historically grown in the US given the massive markets in size to be worked in and the fast growing economy with continuous expanding intentions on the other side of the Atlantic. The so emerging managerial enterprise shows strong tendencies for

standardization and centralized performance management (Pulignano 2006, Ferner et al. 2004) in a rather unregulated environment and a non-intervening state (Jacoby 1991). Jacoby (1991) also describes the comparatively low collaboration with social partners in general and trade unions specifically. Financial requirements are foremost covered by external capital holders and the shareholder value has emerged to be one of key indicators to be managed in order to be successful as a company (O'Sullivan 2000). With this being a rather short-term orientation an importance for quarterly results was the consequence (Whitley 2000). In terms of stereotyped organizational inner life an importance of hierarchical structures (Pulignano 2006) is established and the strategy of the so called "welfare capitalism" (Jacoby 1997) – i.e. high employee involvement and the company caring for its employees to ward off interests of social partners – has become a common practice.

In this sense "HealthCo" qualifies well for a so called typical US company and lends itself well to figure as the organization for a single case study according to the criteria by Yin (2009). Starting as a family business in the early stages of the 20th century the company first grew fast in the big US home market which made it turn into an organizational model of managerial enterprise. "HealthCo" in the US has never dealt with trade unions which stands for one of the above mentioned typical US company characteristics. Listed at the stock market towards the end of the twentieth century the importance of the shareholder value came into play and along with it the focus on quarterly financial results, still a central element today. With a strong company culture caring for its employees "HealthCo" would also qualify as welfare capitalism company by definition.

The international expansion started in the 1990's and the geographical footprint of "HealthCo" in Germany and France came early with the expansion strategy in place. The presence in Switzerland followed about 10 years later. Considering only our set of investigated host-countries Germany represents the biggest part in terms of financial turnover and contribution with the highest number of employees followed by France and then Switzerland. There is a European regional headquarter (RHQ) in place. On the business side this RHQ are located in Germany and the UK whereas the HR RHQ is based in Germany in the very same buildings as their national HR counterparts responsible for the German market. The reporting lines are from the host-country to the RHQ for Germany and Switzerland and directly from the host-country to the US for France.

The institutional embeddedness for all of the considered host countries is different with Germany and France being considered in a spot more towards coordinated market economies (CME) and Switzerland being rather in the middle of the dichotomy of coordinated and liberal market (LME) characteristics. In our study Switzerland represents the most liberal market economy from the three host-countries. The US is clearly considered to be a liberal market economy (Hall and Soskice 2001).

With this setting in mind we now turn to the key findings by impact on the transfer process starting with the institutional effects.

9.2 Key Findings: Institutional Impacts on the Transfer of HRM Practices

In this sub-chapter we will summarize the findings of institutional impacts on the transfer of HRM practices in our investigated organization. For this we proceed country by country and will compare the findings with the literature review. The present sub-chapters serve as a main summary. For detailed illustrations we refer here to chapter 8. "Analysis and Results of the Empirical Study".

9.2.1 Institutional Impacts in the US

The institutional impact in the home-country United States is not necessarily impacting the transfer but the original HRM practice in the company. We have found the following “home-country effects” in “HealthCo” as summarized here below:

Recruiting and Selection

With the US government being a customer of “HealthCo” the demand and requirement for the organization is there for workforce diversity to meet some criteria. Even though workforce diversity is not purely a recruiting and selection matter the legal requirement of having a certain percentage of different ethnicity, disabled people, and war veterans to be represented in the company an impact on recruiting and selection practices is exerted. Our results on this topic are in line with the findings filtered out in the literature review by (Gunnigle et al. 2004, Ferner et al. 2005a). As our results show the topic of diversity is not a premium export good within “HealthCo” with only limited attention being paid to the topic for its implementation on the other side of the Atlantic.

Training and Development

We consider the extensive company specific training to be impacted by the institutional surrounding. This time around not by existing boundaries but more by a lack of a unified and structured educational system as present in Germany for example. The company specific training in the US is part of a bigger initiative described as organizational development practice. Ferner et al. (2005a) or Muller (1998) found also company specific trainings as being part of US typical organizational characteristics.

Further with the company being listed at the NASDAQ some requirements regarding anti-corruption trainings come up and are another example of how the company’s surrounding impacts the training and development practices. Such phenomenon are in fact caught by the model proposed by Whitley (2000) on the macro-level impact on HRM practices, although in our literature review we could not find any specifications on anti-corruption trainings.

Compensation and Benefits

With the company being listed at the stock market a certain pressure for performance and goal achievement comes along (O’Sullivan 2000). Considering the financial system in the US as an institutional setting its impacts on the local practices have to be qualified home-country effects. In this sense the strongly pronounced performance related pay outgrows from the embeddedness of the company in the US system. For this findings we are also fully in line with the results detected in the literature review. Namely Wächter et al. (2004), Almond et al. (2005), and Pulignano (2006) showed some effects with performance related pay being important.

Instruments of Corporate Culture

Following our framework and some of the underlying ideas developed by Whitley (2000) the cultural impacts on an organizational business have to be considered in the institutional approach. Following this claims we consider here, even though the idea and basic logic might be a little stretched, the cultural and social surrounding forming the corporate values and mission statement of “HealthCo” being an institutional impact on the home-country practices. The importance of values has been shown in literature by Gunnigle et al. (2004), Quintanilla et al. (2004), and Muller (1998) which indicates that we are fully in line with former researches with our results.

The code of conduct and in turn and the related company own trainings can be considered an impact stemming from the stock market listing and requirements that come along with this listing. The importance of the code of conducts has been subject to many researches and our results on the existence and roll-out of such programs are again in line with the literature findings namely by Barmeyer and Davoine (2011), Ferner et al. (2004), Colling and Clark

(2002), Geary and Roche (2001), and Gunnigle et al. (2004). When it comes to adaptations of such initiatives we relegate here also to the micro-level impacts being described in the following sub-chapter 9.3 “Key Findings in Institutional-Actor Interplay: Actor-related impacts, Combination Effects, Command Effects, and Transfer Intention and Hybridization”.

Performance Appraisal and Dialogue Systems

No direct isolated institutional impact on performance appraisal and dialogue system practices in the US has been found in our present empirical investigation.

Other HRM Practices

No direct isolated institutional impact on other practices in the US has been found in our present empirical investigation.

We next turn to the institutional impacts in the host-country of Germany and the same approach to display the findings as just outlined here above for the US.

9.2.2 Institutional Impacts in Germany

When it comes to the institutional impacts in Germany we can clearly state that the dominant factors are the classic examples of the German system, namely the dual VET (educational system) and the German co-determination rights as presented in former studies (Wächter et al. 2004). As for the display of our findings from the present study we will use the same approach as for the US before and look at the effects HRM area by HRM area.

Recruiting and Selection

The technical oriented educational system in Germany is very structured and standardized when it comes to apprenticeships (Hollingsworth 1997, Kerckhoff 2001). Young people in Germany undergo nation-wide standardized training programs (Almond et al. 2005). Therefore the recruiting process in “HealthCo” is influenced in the sense as the company knows exactly the profile of their candidates to fill vacant positions. This very impact has been showed in previous studies such as by Muller (1999) and we can claim to have results in our research fully supported by the findings in our desk research.

The German co-determination rights also impact the adaptation of home-country practices in the field of recruiting and selection. For this specificities we find support in Muller’s (1999) study and obviously in the German “Betriebsverfassungsgesetz”³³ that gives the right to the works council on information and co-determination on individual measures. The process and practice of recruiting is therefore adapted.

Training and Development

Again we find the same two classical examples as for recruiting and selection also for the training and development area. The dual VET system impacts the opportunities of the companies to engage in personnel development. The German subsidiary of “HealthCo” is heavily involved with approximately 3% of the annual payroll cost invested in the dual VET system. Of their apprentices 98% stay with the company once their training period of 2 – 4 years is over. About 6% of the effective workforce in the company are apprentices and students. We find support in literature for our findings again by Muller (1999) but also other researchers as Singe and Croucher (2005) and Almond et al. (2005).

With the information rights for the works council in place the process of training and development is touched, but no so much the outcome. Similar findings were shown by Muller (1999).

³³ G-8; 11_German_Europe: informal exchange

Compensation and Benefits

In our study no direct isolated institutional impact on the transfer process could be found. We have to state here that other studies (e.g. Almond et al. 2005) found a much stronger influence of the co-determination rights and practices of performance related and individualized pay were much more adapted. In our case the outcome of the practice transfer has not been impacted but more the process itself, again driven by the German co-determination rights.

Instruments of Corporate Culture

Whereas studies from Barmeyer and Davoine (2009) and Talaulicar (2009) could find adaptations of the home-country practices in their cases our research shows no adaptation effects or other institutional impacts in this HRM area.

Performance Appraisal and Dialogue Systems

When focusing on the institutional side no effects or impacts on the transfer of the practices could be found. Almond et al. (2005) found adaptations of the appraisal systems in the host countries. In our case although this cannot be traced back to any institutional feature. We refer here to the section on actor-related impacts in the German subsidiary discussed in the following respective sections.

Other HRM Practices

We found a clear adaptation of dismissal practices in Germany compared to the US home-country. This is purely an institutional impact with legal requirements being different in both countries. In our desk research although no comparable results could be explicitly found.

When it comes to the HR information system we can again filter out in our study the impact of the co-determination rights on the practices' process but not on the outcome. The implementation of such a system and the related information rights by the German works council has somehow impacted the transfer process and the process of the practice itself. Nevertheless the adoption of the tool has been there to the fullest extent. Similar findings are shown by Muller (1999).

After this survey on institutional impacts on the practice adaptation in the German "HealthCo" subsidiary we will continue our presentation of the key findings of institutional impacts with the summary on the findings for France.

9.2.3 Institutional Impacts in France

As for the US and Germany we use also the procedure here to analyze the institutional impact HRM practice by HRM practice for France.

Recruiting and Selection

We have to state here that no major institutional impact on the transfer of recruiting and selection practices could be found. There is the presence of the works council and social partners which influences the process but not the outcome. The "system presence" has been shown by other authors (Davoine et al. 2000 and Roche 2013) but no specific supporting or contradicting findings in literature could be found.

Training and Development

Our main finding in this area is the institutional feature of having the training engagement of a company linked with the taxation system in the country. The organizations can either invest a minimum 1.6% of their yearly total salary cost in training and development initiatives or to

pay the amount as tax to the government³⁴. This clearly impacts the adaptation of practices comparing the home-country US and the host-country France. In our desk research we could not find any supportive results but we have to state here that the scientific literature available is very spare (Grillat and Mérignac 2011).

Compensation and Benefits

Although it might be the case for some US companies with activities in France our study did not show any impact of the social partnering presence or other institutional features to impact the compensation and benefits area. Neither collective bargaining nor other impacts on individualized pay could be filtered out even though some studies in our literature review (D'Iribarne 2008 and Almond et al. 2005) show some effects. First and foremost the presence of the social partners is there influencing the processes but not necessarily the outcome.

Instruments of Corporate Culture

No institutional impact on the transfer of instruments of corporate culture could be found. Findings in literature are not fully in line with some adaptations found in some studies, although those effects might qualify also as mixed effects of institutional and actor-related features (see e.g. Barmeyer and Davoine 2011).

Performance Appraisal and Dialogue Systems

No institutional impact on the transfer of HRM practices in this area in France could be found. Additionally no specific findings on pure institutional effects in literature review are present. Almond et al. (2005) found adaptations of the system which are more actor-related than institutionally founded.

Other HRM Practices

Similar to Germany the main findings in this area are related to the practices of dismissals which are shaped by the national legal requirements differing in the US compared to France. In our desk research we could not find any specific indications and therefore no support or contradiction.

We next turn to the last nation of our host-country set for the present investigation, Switzerland.

9.2.4 Institutional Impacts in Switzerland

Also for Switzerland we will have the key findings on institutional impacts presented HRM area by HRM area. Following this sub-chapter a conclusion will be drawn.

Recruiting and Selection

Very similar to Germany the institutional impact on the recruiting and selection practices in Switzerland stems from the nation-wide, standardized, and recognized dual VET system. This very structured approach to training and education delivers key features upon which jobs are profiled (among other criteria). For the recruiting and selection process the dual VET has a great impact and therefore mediates a certain adaptation. Studies by Davoine and Schröter (2010) and Schröter (2013) confirm the impact of the dual VET on the practices in Switzerland.

Training and Development

Harking back to the same institutional feature of dual VET the training and development practices in Switzerland are heavily impacted. The engagement in Switzerland sums up to 2.7% of the annual salary cost of the company with about 8% of all employees in Switzerland

³⁴ <http://www.education.gouv.fr/cid217/la-formation-tout-au-long-de-la-vie.html>

being apprentices. We clearly see here a major difference to the home-country practices. The basics of these findings are supported by Davoine and Schröter (2010).

Compensation and Benefits

For the area of compensation and benefits no institutional impact could be found that would have influenced practice adaptation. Respective findings in literature are lacking, although no contradictory findings could be found either (very spare data on Switzerland so far - Davoine and Schröter 2010).

Instruments of Corporate Culture

In our investigation we could not find any institutional impact on the adaptation of practices transferred from the US to Switzerland. Further no specific findings in literature on this very topic came across our desk research.

Performance Appraisal and Dialogue Systems

As for the two previous categories no specific institutional impact could be found in our study. And again no specific findings are present from our desk research.

Other HRM Practices

In contrast to Germany and France the impact of the legal circumstances in Switzerland is much softer. The legal frame is there to structure the dismissal processes but the effect is less concise than in the other host-countries. Again no specific results could be found in the desk research.

We will close the topic on the key findings of institutional impacts in our study with the next part and draw a conclusion from the aspects, findings, and effects presented so far.

9.2.5 Conclusion on Institutional Impacts on the Transfer of HRM Practices

We start our conclusion with a summarizing overview of table 9.1. "Institutional Impacts on the Transfer of HRM Practices". The table shows the different institutional features per country and the respective impact they are exerting per HRM area.

*Table 9.1: Institutional impacts on the transfer of HRM practices
(own compilation)*

HRM area	Country			
	US	Germany	France	Switzerland
Recruiting and Selection	Impact on workforce diversity by governmental requirement	Recruiting process and standards influenced by dual VET and co-determination rights	Social partners only to influence the process but not the outcome	Recruiting process and standards influenced by dual VET system
Training and Development	Development programs and company specific training in the absence of standardized, nationwide educational system Anti-corruption training as per stock market requirements (financial system impact)	Training and development heavily impacted by dual VET Process of implementation of training programs influenced by co-determination rights	Link between the education and tax systems influencing the investment in training and development	Training and development heavily impacted by dual VET
Compensation and Benefits	Performance driven pay systems as effect of financial pressure on results (stock market)	Co-determination rights only influencing process (not outcome)	Social partners only to influence the process but not the outcome	None
Instruments of Corporate Culture	Individualism and welfare capitalism traits as part of the cultural embeddedness Code of conduct as part of stock market requirements (financial system impact)	None	None	None
Performance Appraisal and Dialogue Systems	None	None	None	None
Other HRM Practices	None	Dismissal practices institutionally (legally) impacted Implementation and use of HR information systems influenced by co-determination rights	Dismissal practices institutionally (legally) impacted	Dismissal practices only softly influenced by institutional (legal) circumstances compared to Germany and France

We conclude that the practices in the home-country are influenced in their creation from their institutional surrounding to a certain extent (Whitley 2000, O'Sullivan 2000, Ferner et al. 2005a). When being transferred to the European subsidiaries there are host-country institutional influences on the adaptation of the practices present (Jackson and Schuler 1995). All in all what is assumed from our literature review has been confirmed in the big lines.

The German context has mainly two strong factor influencing the transfer institutionally, i.e. the dual VET system and the co-determination rights (Wächter et al. 2004). These factors have been shown as being impacting by former studies (Müller-Camen et al. 2001, Singe and Croucher 2005). Both elements have a clear impact on the outcome of transferred practices.

When we talk France we see somewhat of a weaker influence by the institutional context. There is on the one hand side the educational system which impacts the training investment in the sense as the budget position of “organizational development” is considerable³⁵. The French context interlinking the organizational expenses on training and development and tax expenses influences the local adaptations. On the other hand side the presence of the works council and other social partners is rather symbolic than heavily influencing the outcome. Still the HR work is impacted in the sense of respecting processes and the social dialogue (Gooderham et al. 1999). We can conclude that in France the institutional impact on the adaptation of HRM practices is lower than in Germany.

For Switzerland we could classify the institutional impact as being the most non-binding of all three countries, as no legal obligation does really dictate adaptation. Still we found the dual VET system in the country exerting its impact on the adaptation of HRM practices – an effect that has been shown in former studies as well (Davoine and Schröter 2010).

In summary we conclude: The German institutional context has the most influence on the adaptation of HRM practices in “HealthCo”, followed by France, and then Switzerland. By literature (Hall and Soskice 2001) classified coordinated market economies (CME) show indeed more institutional impact on the adaptation of HRM practices than more liberal market economies (LME) in the receiving host-country position. In all countries the educational system seems to be the dominant element and source of adaptation. Not only legal obligation will eventually impact the transfer of HRM practices. In general institutional context will have an adaptation impact. We further conclude that the institutional approach does not provide enough as model in order to fully catch the picture on practice adaptation in a host-country.

Further expanding on the last point above we bridge to the next sub-chapter of actor-related effects. Given all the adaptations found throughout the analysis and given the rather restricted institutional impacts in terms of quantity we must conclude that a pure institutional approach would not be enough to fully capture any situation of practice adaptation (Morgan and Kristensen 2006). An extension of the model as proposed in our study and as requested by other authors recently who also see actors and institutions “co-generative” (Jackson 2010, p. 70) is definitively needed.

With these key findings and conclusions drawn from the extensive data analysis of our study in mind we turn now to the key findings on the actor-related impacts on the transfer of HRM practices.

³⁵ <http://www.education.gouv.fr/cid217/la-formation-tout-au-long-de-la-vie.html>

9.3 Key Findings in Institutional-Actor Interplay: Actor-related impacts, Combination Effects, Command Effects, and Transfer Intention and Hybridization

In this sub-chapter we will summarize both the actor-related effects and institutional-actor-related effects found to have an impact on the transfer of HRM practices within our selected organization, “HealthCo”. Again we will proceed country by country and HRM area by HRM area. The conclusion also contains a comparison with the literature review as presented in the first parts of this dissertation. The presentation of the actor-related effects does not include the home-country of the US as we seek for adaptation impacts of the transfer and not the creation of HRM practices.

As we have learnt from the chapters above and as requested by former studies (e.g. Jackson 2010) a combined approach considering both institutional and actor-related effects is preferable and shall be applied in order to fully understand the impacts on the transfer of HRM practices within a MNC. With this analysis we also aim to see which effect was the dominant element, the micro-level or the macro-level element. The one effect dominating the other during the transfer of the practice will be labelled “command effect” in order to prevent from confusion with the term of “dominance effect” (Edwards and Ferner 2002) – a phenomenon described during chapter 2 “Transfer of Human Resource Management Practices in (US) Multinational Companies”.

Besides one element commanding the other the transfer can also be impacted with both institution and actors pulling the transfer outcome in the same direction. In this case we talk about a “combined effect”.

Another aspect that has not been covered so far in the analysis of transfer of human resource practices in multinational companies is the concept of “transfer intention”. This shall be defined here as “the strength of the specific wish and intent of the home-country HQ to transfer an exact HRM practice to its subsidiaries” (own definition). One would intuitively think that this intent shall be very strong as a given fact in the context of transferring practices internationally. If this was not the case a transfer would not occur. But as examples in our study have shown different practices get different levels of attention within an organization at a certain time and limited resources impact also the possibility to track all transfers blow-by-blow in the same manner with the same attention. This very aspect will be discussed in this part as well.

Yet another element to be considered in the key findings is the presence of “hybridization options”. This concept has been brought up also recently by Chung et al. (2014) and considers that the outcome of transfers of practices can be a blend between home-country and host-country practices as long as the adaptation of practices does not counter global best practices of an MNE.

First we start our key findings overview with a description of the institutional-actor-interplay in Germany.

9.3.1 Institutional-Actor-Interplay: Impact on the Outcome in Germany

For this sub-chapter again we will proceed HRM area per HRM area to identify where an institutional-actor-interplay in Germany has taken place and to find out what the outcome was. In other words we will show where combination effects of both were present and in which case the above defined command effects kick in.

Recruiting and Selection

In the area of recruiting and selection in Germany we could find what we consider to be a command effect. With the recruiting and talent management software “Select” to be implemented globally by all “HealthCo” subsidiaries an illustrative example can be found. Interestingly rolled out as a global project the implementation in Europe is only in four (of more than a dozen) countries, including Germany. Given the CME-environment where we would expect resistance and adaptation we must ask ourselves the question why especially Germany would eventually adopt this practice. As described above the local German institutional setting being highly regulated (Quintanilla et al. 2004) with a works council to agree on the implementation of such instruments as “Select” an institutional filter was present and as our example showed also a certain resistance.

The conclusion we draw shows a clear actor-related effect. This effect is visible not in the sense of adaptations being made but adoption of a practice being made possible. Using only the institutional approach we would consider Germany being a tough field (Giardini et al. 2005, Wächter and Müller-Camen 2002) for implementing a global software with the “Betriebsverfassungsgesetz” in place. As shown in our analysis the involvement of local HR actors, the RHQ, and even actors from the US would eventually lead to the implementation of the software by convincing the works council that their rights are not endangered but even more supported by a tool that gives an easy access to information. Following our research model and the “power over” approach (see Ferner et al. 2012) included the capacity of influencing resources (financial budget), meaning (strengthening the position of the works council), and processes (recruiting process) the power of actors led to the implementation. The role of the RHQ can be qualified as the one of a coordinator with a transnational mindset (Schütte 1996).

Comparing our results to the literature review we have to admit that our findings would rather be in contrast to former studies (e.g. Muller 1999) for some reasons. First, there is no study to our knowledge which was treating this very aspect of the transfer of HRM practices. Second, the actor-related approach has only recently being considered (Dörrenbächer and Geppert 2011). Third, the studies in the past were more or less merely focusing on adoption barriers and adaptations but not on adoption boost effects. Considering boosts of adoptions also an impact on the transfer our study shows a new effect in this multinational interplay. In summary there was an interplay between the institutional element (works council’s rights) and the actors involved (local HR team). The outcome of this interplay was that the actors’ effect commands the institutional barrier by exerting its political influence. We would therefore label this as a command effect by actors. For details we refer here to sub-chapter 8.2.1 “Recruiting and Selection Practices in Germany”.

Training and Development

In the case of training and development activities in Germany with its very specific dual VET system we find a combined effect where the institutional setting as well as the actors’ influence pull the transfer outcome in the same direction. The extent to which the local organization is getting involved in the local system is clearly an actor-related effect. The German financial investment in the area of training and development is surpassing the US numbers by more than 50%. The question raised here is how such an investment would be possible in a context where the home-country considers HRM costs in a calculative model (Brewster 2007b, Gooderham et al. 1999) and treats them as any other budget post. Again an actor-related effect can be filtered out here. First, the RHQ being located in Germany and working door to door with their German local HR team is socialized in the German dual VET system (which in turn is considered an institutional impact) and has a sense for the local circumstances. Second, the investment is defended with financial arguments such as return on investment by keeping apprentices in the company (98% retention rate) once their training program is over saves recruiting and induction cost. Third, the RHQ is facilitating the situation (see also model by Schütte 1996) for Germany in considering a lower quantitation for the headcount for apprentices and as such preventing discussions on multiple levels on the engagement of the organization in the dual VET. Thus, we find ourselves at a triple impact

involving the dual VET (institutional frame) on which the local actors capitalize together with the RHQ (facilitator role and multi-domestic mindset) for defending their investment. With the power over situation for resources (budget), meaning (compatibility with local educational system), and processes (RHQ influence) an actor-related effect leads to an adaptation of practices.

Again, considered the literature review for our study we cannot find any supportive results for the actor-related impacts which would apply for this very specific topic of training and development. Literature shows results in the sense of adaptation linked to institutional effects (Muller 1999). Saying this we have again to consider that the actor-related effect were brought up as an approach very recently only (Dörrenbächer and Geppert 2009).

Another actor-related effect on training and development in Germany is shown by the organizational development strategy in Germany and Europe as a whole, where a different approach (see sub-chapter 8.1.2 “Training and Development Practices in the US”) is being chosen – “tree model” in the US versus “wheel model” in Europe. In the absence of a specific model in 2004 the RHQ developed their organizational development wheel whereas the US tree emerged in 2008/2009. With the RHQ being the interacting element for the local German HR crew Germany adopted the “wheel” system and is as such not in line with the home-country practice. We can again see an actor-related effect with processes being mastered by the RHQ. Literature as reviewed by us does not show any specific support on this very topic although models by Lassere (1996) and Schütte (1996) provide theoretical approaches to the topic. Very close to the phenomenon described here the idea of “regionalization” discussed by Yeung et al. (2001) offers another theoretical support for our findings.

Compensation and Benefits

This area in Germany can be considered as being a prominent one for works councils to be active with some examples we have also shown in our literature review (e.g. Muller 1999). Interestingly in our single-case study the area of compensation and benefits is not a very adaptation-prone area. As our analysis shows the impact of the RHQ being based in Germany is considerable. Be it in the case of individualized pay or pay per performance the actors on European level have doubtlessly smoothened the process and paved the way for US practices into the German system. We therefore label this effect as being a “command effect” where actors dominate the institutional impacts. Those again were present in form of possible intervention options in the body of the local German works council. For details we refer here to sub-chapter 8.2.3 “Compensation and Benefits Practices in Germany”. Repeatedly, the effect is not being an adaptation effect but more an adoption boosting one. Again, with the limited amount of scientific research on this topic our results do not compare to the desk research.

Instruments of Corporate Culture

In the area of corporate culture a prominent combination effect of institutional and actor-related elements could be found. With the local management team to harness the requests by the German works council in order to prevent bad results in an employee survey is a very illustrative example of how actors and local institutional impacts can go hand in hand. The temporary non-compliance with the corporate requests on conducting an employee survey was a result that was deeply rooted in the German local context. This example shows clearly a “power over” situation (Ferner et al. 2012) on processes (influencing the participation process), resources (in form of knowledge of the situation - also legal background), and meaning (assessing the local situation). The actors’ arguments though were institutionally based.

For this example again we cannot hark back to findings in the literature supporting our findings. In principles we would find studies which explain adaptations from an institutional or cultural background but not from a political background (Barmeyer and Davoine 2009, Talaulicar 2009). In order to not be redundant in repeating the exact occurrence we refer

here to sub-chapter 8.2.4 “Instruments of Corporate Culture in Germany” for the detailed description.

In form of hybridization of a practice the outcome of the community service and employee involvement can be classified also as an actor-related effect. In the desk research we would not find any specific findings neither for this results. In a wider sense we can refer here to the fact that the concept of corporate culture seems a less managerial influencing subject in Europe than in the US – a discussion also related to the concept of universalism (Brewster 2004, Barmeyer and Davoine 2011). But it turns out in our study that the manner in which the employee involvement and community service is lived in Germany is adapted to a lower level being more adequate for the local market. This would qualify for a power over meaning influence as the assessment of what should be done in a local context impacts the execution of the practice in Germany.

Performance Appraisal and Dialogue Systems

Related to the performance appraisal systems applied in Germany another micro-political effect is detected. The RHQ located in Germany has developed a dialogue system form to be locally applied together with the German human resources team. Whereas no institutional context has any impact on that decision it is a purely actor-related decision of adapting a practice and implementing a less performance oriented form. With the power over meaning (significance and appropriateness of a system) the actors decided for the adaptation. Similar adaptations have been found by Almond et al. (2005), and we are therefore in line with our literature review findings. Our results show again the important role a RHQ can play in the processes of transfer of HRM practices internationally (Schütte 1996).

Other HRM Practices

In this last section we explicitly hint at the role of the European HR headquarter having an influential role on the transfer of practices. Literature shows support and delivers tools of analysis for considering the RHQ role (Lasserre 1996, Schütte 1996). In our case we found the RHQ being influential while having their power rooted in processes and meaning helping to influence the outcome of the practice transfer. We would label this another command effect of actors dominating the institutional impacts. When it comes to the implementation of an HR information system in Germany the local institutional filters, i.e. the German works council, were politically circumvented by much targeted political actions to prevent the works council to oppose against the system to be implemented. During this political process actors from the US headquarters were involved in order to gain the favor of all locally involved parties in Germany. In summary we had an actor impact commanding possible institutional hurdles. For details we refer here to sub-chapter 8.2.6 “Other HRM Practices and Effects in Germany”.

With those examples of combination and command effects in Germany we now bridge over to the key findings in this very same area in France.

9.3.2 Institutional-Actor-Interplay: Impact on the Outcome in France

The findings for France on the same topic of combination and command effects are very limited compared to the analysis done in the German context. We did not find specific effects in the areas of “recruiting and selection”, “compensation and benefits”, “instruments of corporate culture”, “performance appraisals”, and “other HRM practices”. The only field where such effects could be filtered out was training and development. But what could be found were some pure actor related effects as we will display here below.

Recruiting and Selection

As it is the case in Germany we found also an actor-related effect in France for the implementation of the talent management and recruiting tool. In contrast to Germany the effect found in France leads to an adaptation of the practice (i.e. a non-adoption) whereas in Germany we found the effect to be adoption boosting.

The global roll out of the implementation of the software did not end up in an application of the tool in France for micro-political reasons. There is basically no institutional frame to impact the transfer. The local actors decided not to implement the system underlying their action with financial arguments (Geppert 2003) defending their preferred position (Blazejewski 2009). We find ourselves faced to a power over resource (budget) situation (Ferner et al. 2012) where no reserves were set aside for the implementation. In fact the local actors assessed the system not to be appropriate for their market.

Given the international setup as outlined in the respective section (7.6 “Summary and Overview of International Setup”) the European RHQ has only limited influence as a political actor.

In literature we could not find any specific support for our findings for two main reasons. First, as described above the actor-related approach is a very recent one (Dörrenbächer and Geppert 2009) with not many studies published. Second, in the analysis of international transfer of HRM practices France has not been a very prominent country so far (Müller-Camen et al. 2001, Grillat and Mérignac 2011).

Speaking of an adaptation of an entire HRM practice for the example we are going to mention here would be slightly exaggerated. Still the French found a way in the past to circumvent the globally valid processes by micro-political games (Morgan 2007). A maternity leave was used to bypass the formal requirements to increase the headcount in a department. Here we can see the power over processes (local processes) playing an important role (Ferner et al. 2012). Although the theoretical concepts support our results, no such specific findings came up in our desk research. Again we could neither find any influential role of the RHQ in this area.

Training and Development

Another very interesting actor-related effect in our study was found regarding the training and development engagement of the “HealthCo” subsidiary in France. Similar to Germany the investment into the training and development initiative surpasses the level of the US by estimated 50%. Again with the US supposed to have a standardized and calculative HRM approach (Gooderham et al. 1999, Brewster 2007b) this difference raises questions on how and why such a gap is allowed to be there.

The argument of the French actors goes back to the institutional frame where a linkage by the government between the annual organizational investment in training and development and the national tax system is made with a minimum of 1.6%³⁶ of the total annual salary cost must be invested. Only, the French engagement surpasses those limits. The argument towards the US remains a legal one (Geppert 2003), showing that the power of resources (special legal knowledge) can play a decisive role (Ferner et al. 2012). No specific literature findings would support our results – but neither any findings would contradict. The role of the RHQ (according to Schütte 1996) is – given the international setup – inexistent.

Even though there is some legal requirement in France for either invest a certain percentage of money in the training and development area or to pay the same amount of money as taxes to the government, the amount exceeding the legal minimum would still lift some eye brows. In this case again we can see how the institutional setting combined with some actor-related impacts can shape the outcome of certain HRM practices (see also contested terrain concept by Morgan and Kristensen 2006). For details we refer here to sub-chapter 8.3.2 “Training and Development Practices in France”.

³⁶ <http://www.education.gouv.fr/cid217/la-formation-tout-au-long-de-la-vie.html>

A further actor-related effect is shown in France by the main absence of intervention by the RHQ. As our analysis shows in the fields of organizational development strategy, company specific training, and team development measures the French have implemented their own practices mainly due to the lack of influencing actions by both the RHQ (which is not necessarily responsible for France) and the home-country US HR team.

In this case the French team has the whole power over meaning, resources, and processes and therefore dominates the scene. For this section again no specific findings in literature are present from our desk research.

Compensation and Benefits

No specific actor-related effects have been found for France in the area of compensation and benefits.

Instruments of Corporate Culture

A local adaptation being traced back to more actor-related impacts can be found on community service and employee involvement activities. The original practice and engagement being the norm in the US is only practiced in a limited way in France with power over meaning (cultural setting), resources (budgets), and processes (action triggering) influencing an adaptation of the practice in the direction of a softer approach (Ferner et al. 2012). No specific findings (neither supporting, nor contradiction) could be found in the literature review. There is no influencing role of the RHQ (Lassere 1996) for this topic in either direction.

Performance Appraisal and Dialogue Systems

If we qualify the absence of a system and a caring party either at home-country or RHQ level as an influence we have to classify the adaptation of the employee dialogue systems in France as an actor-related impact (Geppert and Clark 2003). There is no institutional feature to basically influence the practice. Therefore the freedom is given to the French team to set up their own approach. The practice is adapted with the whole range of “power over” features (again referring to the model by Ferner et al. 2012) left over to the local team. No specific findings in literature are there for the above mentioned reasons.

Other HRM Practices

No other specific actor-related effects could be found for France.

With the above examples being the major findings for France we turn next to the example of Switzerland for the same analysis.

9.3.3 Institutional-Actor-Interplay: Impact on the Outcome in Switzerland

As it was the case for France the findings of our study in this area are limited to the field of training and development for interplay effects. We have no findings for the following HRM areas: “recruiting and selection”, “compensation and benefits”, “instruments of corporate culture”, “performance appraisals”, and “other HRM practices”. Effects just related to pure actor impact are present though.

Recruiting and Selection

A first actor-related impact in this area is the non-use of personality tests in the Swiss recruiting process for positions not levelled at “director and above” status. The skeptical mind-set of the local Managing Director hinders the implementation of the tool with the RHQ not specifically monitoring (Schütte 1996). We are faced to a typical power over meaning and processes situation for the adaptation of this practice. No specific findings can be presented here from the literature review.

Another actor-related impact is very similar to the example we have found for France. The recruiting and talent management software “Select” has not been implemented in Switzerland for actor-related cause. The local team did never budget for the tool to be implemented and assessed the software to be an overkill given the small size of the market. The local tactics of ignoring the project would even prevent the team from arguing (Dörrenbächer et al. 2014) with other hierarchical levels. Surprisingly the RHQ did not play a role in this process. This is even more striking given the fact that the German team very closely located to the European HR team had the system implemented with support from RHQ. The limited amount of existing literature on Switzerland (Davoine and Schröter 2010) on this very HR topic leads to no findings from the desk research.

Classifying the headcount topic as a recruiting and selection theme we find another actor-related impact in this area. The headcount for apprentices was adapted to be only 0.375 per apprentice head. This action was in collaboration with the regional human resource HQ which knows the topic from their German origin. The adaptation is there and considered to be an actor-related one. We face a typical power over meaning and process situation. Again we have to state that no specific findings from literature can be presented here although the concept of headcount has played a role in former studies (Wächter et al. 2004) although not in Switzerland.

Training and Development

Very similar to the findings for Germany and France the investment into training and development measurements in Switzerland is very much driven by a combination effect between actor-related and institutional effects. With the Swiss educational patterns being very similar to the German circumstances a dual VET system marks the ground. The effect found in Switzerland was also presented for Germany and France - being the engagement in the local educational system. With a total investment of estimated 2.7% of the annual salary amount invested in training and development measurements whereof two third are invested in the dual VET system there is a clear investment premium in Switzerland compared to the US as presented in detail above. The Swiss local system combined with the actors involved contribute to a result that might seem surprising. We can label this findings also as a combination effect. For details we refer here to sub-chapter 8.4.2 “Training and Development Practices in Switzerland”. The argument for the premium (Dörrenbächer et al. 2014, Geppert 2003) of it bearing a high return on investment with more than 80% of apprentices staying with the company once their apprenticeship is over is similar to the German argument. A backing from Germany is there with the RHQ being familiarized with a very similar system and supporting the engagement of the Swiss “HealthCo” subsidiary. We therefore find a typical power over meaning situation with support from literature (Davoine and Schröter 2010). Even though the dual VET system can be typically classified an institutional impact the defending of high investments into the system is in turn a micro-political aspect.

Considering the organizational development system a whole set of concepts and tools we can state that there has been adaptation of this concept in Switzerland with not all elements being adopted in the Alps country. For example no team development meetings are held or no veritable potential analysis of the Swiss workforce is conducted. Here again we are in a typical power over meaning and process situation with the local top management (Managing Director) blocking some of the initiatives out for personal preferences (Blazejewski 2009). To our knowledge no RHQ action has been taken on this development so far. No specific literature findings about this very practice are present.

The company specific training undergoes some actor-related adaptations in the sense that the RHQ has developed its own program separate from the US home-country initiatives. It is much more related to the local national context (Schröter 2013).

Compensation and Benefits

In terms of compensation and benefits initiatives we find one single actor-related adaptation when it comes to performance related pay. The Swiss market does not follow the US guidelines properly as it is the case for Germany and France. The system used in Switzerland is a home-grown system with the principal goals being identical but the tools would not really compare. The reason of the no adoption of the US and European practices is the local MD who has developed the local system itself and sees it as the more accurate and appropriate tool than the international one (see Morgan and Kristensen 2006 and Blazejewski 2009 for underlying concepts). We have again a classic example of an actor-related impact with a power over situation of all three pillars: meaning, process, and resources (Ferner et al. 2012). The RHQ has had initiatives in the past for influencing the processes but the Swiss system stands as for the moment of our data gathering phase. We face again the situation that for this specific topic no literature for Switzerland does really exist.

Instruments of Corporate Culture

What we can draw from our findings is that the full integration of the Swiss subsidiary has not occurred yet with management styles heavily differing between the US/European standards and the local Swiss practices (Dörrenbächer and Geppert 2006). Where it is difficult to capture the topic of subsidiary integration or autonomy (Dörrenbächer and Gammelgaard 2006) with the concept of adaptation and adoption we can still state that based on the interviews in Switzerland the integration is not fully completed yet with the power over meaning playing a major role in this process. Again the existing literature does not provide specific support or contradictions to our findings.

Performance Appraisal and Dialogue Systems

When it comes to performance appraisals and dialogue systems we can see a clear two-folded actor-related impact.

For the MD-1 performance appraisals the local Managing Director is blocking out the transfer of the practice with personal preferences (Blazejewski 2009) being the major reason behind it. For the MD-2 dialogue systems we see the actor-related impact being rooted on European level with the RHQ providing a different system from the US home-country. We have again typical situations of power over resources, meaning and processes situations present (Ferner et al. 2012). No specific literature findings on this specific topic and HRM practice example are present.

We will next turn to the findings around the concepts of transfer intention and hybridization options. Both being at the choice of actions of involved actors in the transfer of practices game before coming to a concluding summary of the present part.

9.3.4 Transfer Intentions and Hybridization Options

As introduced at the beginning of sub-chapter 9.3 “Key Findings in Institutional-Actor Interplay: Actor-related impacts, Combination Effects, Command Effects, and Transfer Intention and Hybridization” we will address in this section the element of transfer intentions and hybridization options. Both elements are actually related to the micro-level aspects of the transfer occurring, i.e. actor-related elements. We regard both concepts as being complementary in the sense that one could intuitively assume that if the intention for a practice to be transferred is strong then there is less chance for the practice to undergo a hybridization or adaptation. In order to pack both concepts into one comparative model the illustrations to follow will show per HRM area what adoption level (adoption, hybridization, or adaptation) will come along with what strength of transfer intention (very weak, weak, moderate, strong, or very strong). The resulting charts will help us to understand what can

be described as “qualitative correlation”. Once we have established the visual patterns we will expand on the reasons being the displayed results.

For all of the following charts a color-coding was applied in order to make it easier to read the figures. Black colored writings stand for the country of Germany, blue colored writings stand for the country of France, and red colored writings represent the practice outcome in Switzerland.

Recruiting and Selection

Based on the results in chapter 8 “Analysis and Results of the Empirical Study” the following chart reflects the “transfer intention – adoption” outcome in the area of recruiting and selection.

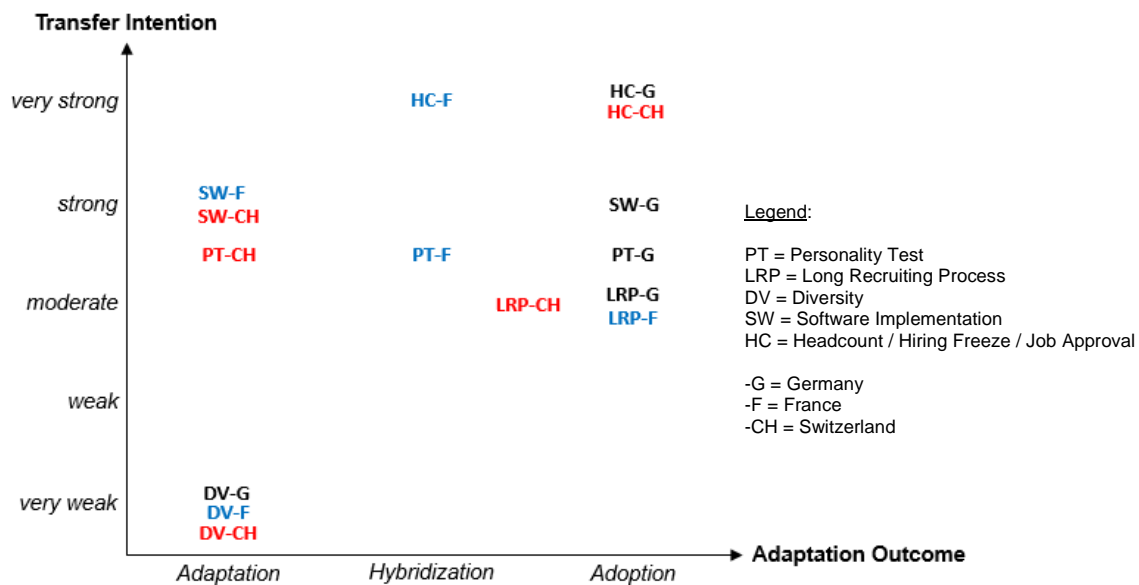


Figure 9.1: Intention-outcome for recruiting and selection practices (own compilation)

Figure 9.1 “Intention-outcome for recruiting and selection practices” shows how for the “correlation” between the transfer intention and the eventual outcome of the transfer resulted. The most interesting codes in this figure are surely the ones where a strong transfer intention eventually lead to adaptation. We therefore quickly discuss the codes SW-F, SW-CH, and PT-CH.

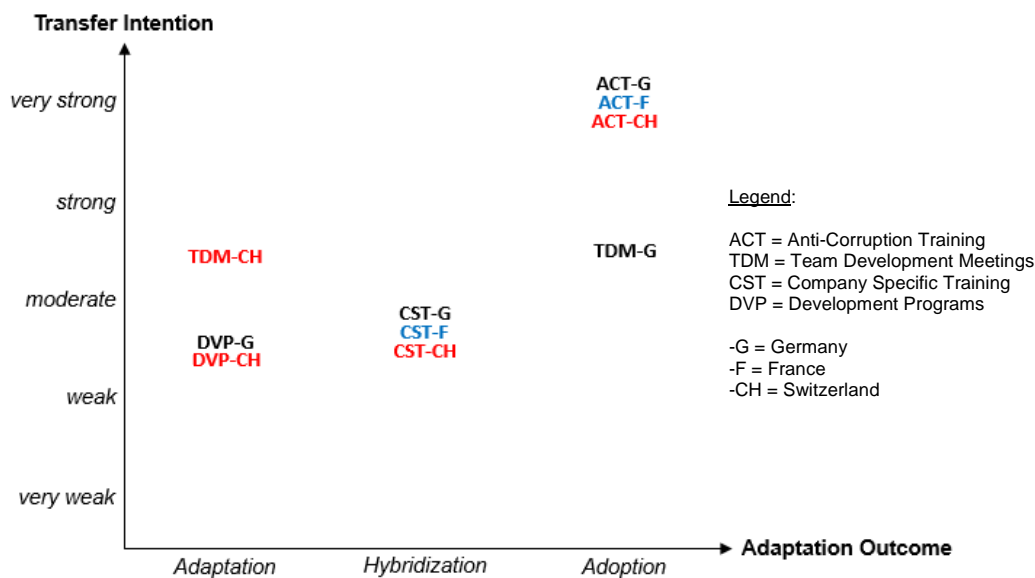
As for SW-F and SW-CH – i.e. the implementation of the recruiting and talent management software in France and Switzerland – we can state that for both France and Switzerland the adaptation has its roots in actor-related reasons (Dörrenbächer and Geppert 2011). In both cases power-over-resources (Ferner et al. 2012) was the driver behind the transfer blocking. When it comes to personality tests (PT-CH) the reason for adaptation is the personal preference (Błazejewski 2009) or in other words a power-over-meaning situation that led to the non-transfer.

We conclude that definitely for the area of recruiting and selection the actor-related aspects must not be neglected when analyzing the transfer processes and outcome. Next, we turn to the area of training and development.

Training and Development

In the training and development section we have to state that there was a whole set of practices being applied in the US that were not transferred overseas at all: coaching and mentoring programs, management school collaborations for training and development, leadership competency models, performance management trainings, and 360° feedback practices.

Additionally to this for France even two more practices do not find application; i.e. team development meetings and development programs. For the visual chart to follow those practices will subsequently not be reflected. For all other practices figure 9.2 “Intention-outcome for training and development practices” will give an easy overview.



*Figure 9.2: Intention-outcome for training and development practices
(own compilation)*

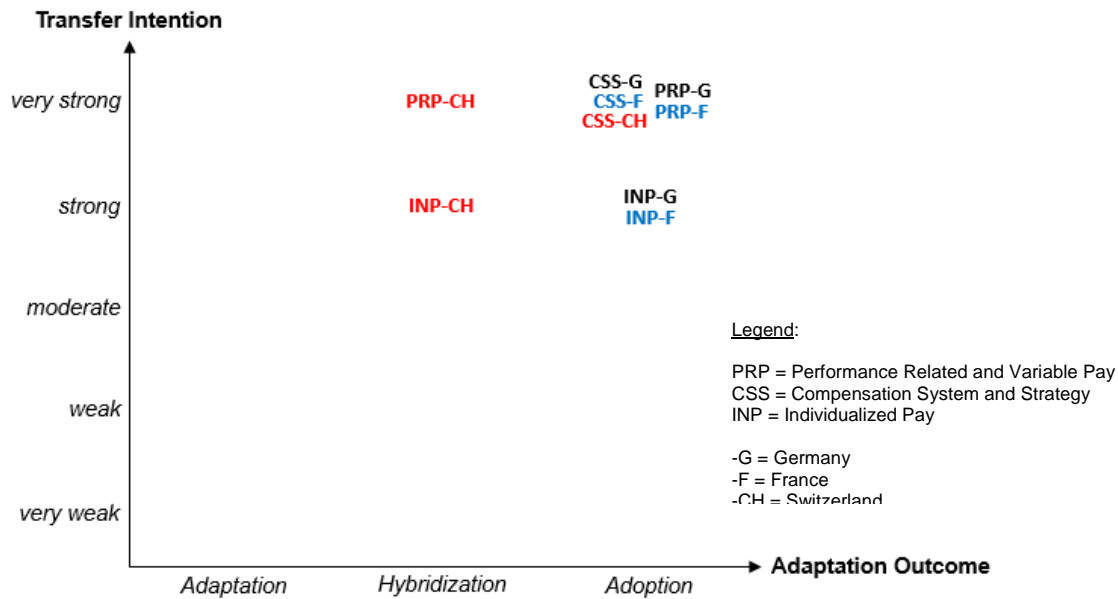
The chart above shows a coherent picture where the strength of the transfer intention correlates with the adoption of the practice. The only data point in the chart which looks out of position is the TDM-CH.

The team development meeting in Switzerland underwent an adaptation process which is traced back to an actor-related (Blazejewski 2009) effect with roots in a power-over processes and meaning situation with the local MD not prioritizing the tools as proposed by the US.

Next, we will turn to the practices around compensation and benefits.

Compensation and Benefits

In the section of compensation and benefits we will concentrate on three of four practices applied in the US. Excluded from the set for comparison are the health care initiatives for which the US has no intention what so ever to export this practice with most of the European countries having a different institutional context in place. As for the other practices of individualized pay, compensation system and strategy and performance related and variable pay the following figure 9.3 “Intention-outcome for compensation and benefits practices” will sum up the findings.



*Figure 9.3: Intention-outcome for compensation and benefits practices
 (own compilation)*

For the area of compensation and benefits we find again a coherent picture. Transfer intention correlates with adoption/adaptation outcome. The only two data points standing out this term (although not in an extreme manner) are PRP-CH and INP-CH. Those two stand for the performance related and variable pay as well as for the individualized pay in Switzerland respectively.

The background of the IND-CH (individualized pay) hybridization approach is again an actor-related process that can be bound to actors' rationales (Dörrenbächer and Geppert 2006). There were still some elements of local adaptation found in the applied practices and some had only recently changed. Another power-over meaning and process situation is present (Ferner et al. 2012). As for the PRP-CH (performance related and variable pay) there is similarity in the system but the pure formalization and standardization process is being blocked by the local MD for personal preference (Blazewski 2009) reasons. Another typical power-over meaning and process situation is present here.

We next turn to the instruments of corporate culture.

Instruments of Corporate Culture

For this specific area of practices we have excluded the diversity management as the US does not export this legally rooted practice in the home-country abroad. Further excluded are also the use of expats with this practice being considered in the set of practices for literature finding reasons but it has no relevance for the present study. Further not included in the set are the hierarchical structures and the open door policy as the organizational setup in the different countries do not compare and findings would mislead.

Included in this qualitative correlation analysis are the values and mission statements including employee surveys (VMS), the use of the code of conduct (COC), and community service and employee involvement (COS). For those practices the below figure 9.4 "Intention-outcome for instruments of corporate culture" summarizes in an easy-to-understand format the findings.

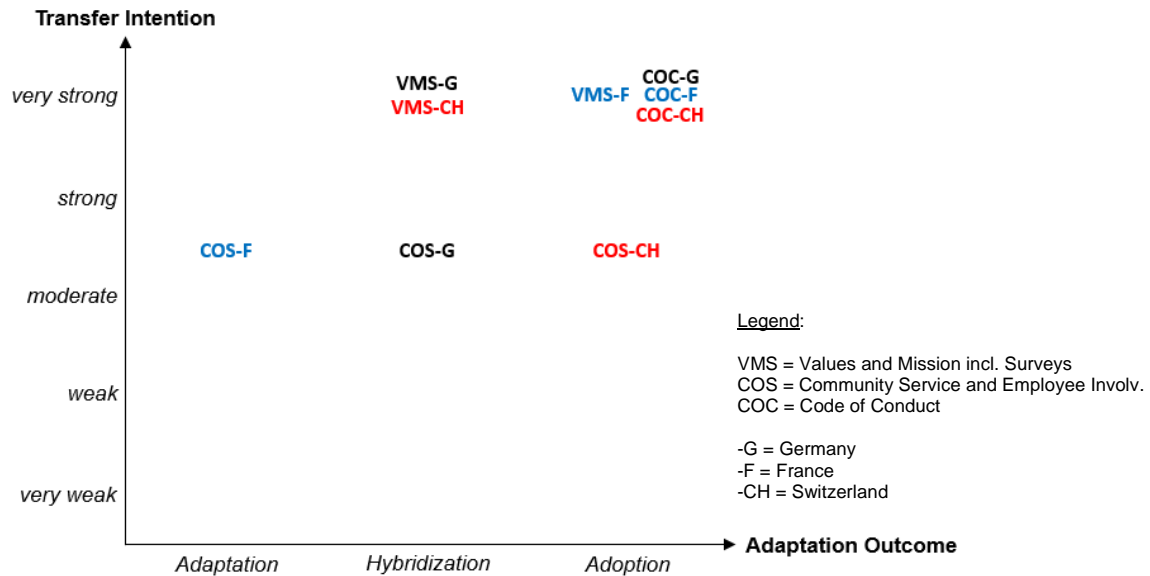


Figure 9.4: Intention-outcome for instruments of corporate culture (own compilation)

The data points standing out here (as not the expected correlation between the adaptation outcome and the transfer intention is displayed) are the community service and employee involvement in France (COS-F) as well as the values and mission statements including employee surveys for Germany (VMS-G) and Switzerland (VMS-CH).

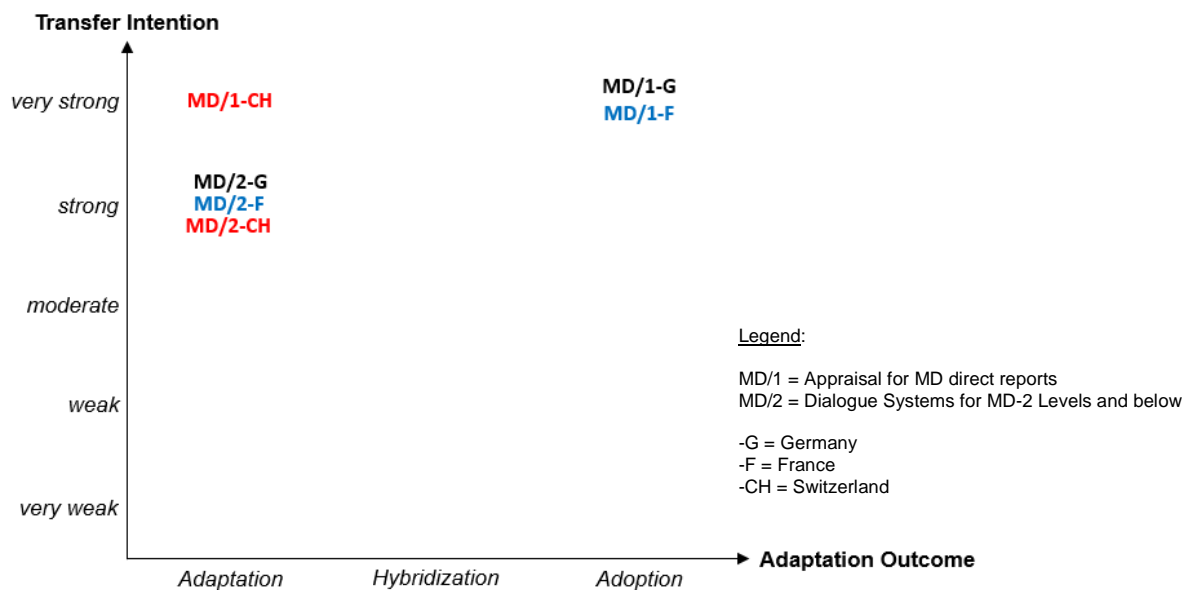
Starting with the VMS-G we can say that it qualifies for being a hybrid practice as the Germans skipped the conduction of an employee survey for political reasons that can be labelled as “performance pressure” (Morgan and Kristensen 2006). Besides this the application of the US standard is pretty much guaranteed. The VMS-CH figures as hybrid-practice as we found out that besides the formal process that is fully followed the mental adoption is minimal (Kostova 1999). The COS-F is listed here as the reported results show that there is a different understanding of how employee involvement and community service should look like. It can be seen as a cultural effect or similarly an effect out of cultural identity (Barmeyer and Davoine 2011). Again we have all actor-related effects being present here with power-over situations for meaning and processes (Ferner et al. 2012).

The next section we turn to is the one of performance appraisal and dialogue systems.

Performance Appraisal and Dialogue Systems

For this section we will not include the 360° feedback and key performance indicators as those elements figuring in the analysis proved to be irrelevant in our context. We therefore only include the appraisal and dialogue systems for both direct reports for the Managing Directors (MD/1) and all levels below (MD/2).

Figure 9.5 “Intention-outcome for performance appraisal and dialogue systems” summarizes the findings in the same manner as here above.



*Figure 9.5: Intention-outcome performance appraisal and dialogue systems
(own compilation)*

The data points falling out of the expected correlation line between transfer intention and adaptation outcome are all MD/2 points as well as the MD/1-CH data point.

For all MD/2 data points we can find the same reasons for adaptation. The US uses a very calculative approach (Brewster 2007b, Gooderham et al. 1999) and links the performance appraisals directly to pay as found in former studies (Edwards and Ferner 2002). In all three European countries the approach is much softer and we cannot talk about a hybridization but need to name it an adoption of the practice. We see again the reasons behind this adaptation in a micro-political context (Morgan 2007) where local actors have a power-over meaning and process situation at their hand.

The MD/1-CH point is off-key due to another actor-related impact in Switzerland. For personal preferences (Blazejewski 2009) the local Managing Director did not want to have the performance appraisals with his direct reports. His power-over process status made it possible for him to circumvent this practice although the transfer intention has been very strong.

We next turn to the final section in this chapter, i.e. the other HRM practices and effects.

Other HRM Practices and Effects

For the set of other HRM practices and effects we have to state that no graphical figure would make sense to analyze the situation. Some of the proposed HRM practices by literature such as anti-unionism, mobility, and dismissals are not interesting in our context as not being applied. The instrument of an HR information system has not been implemented yet and the section of M&A is a special one not there for comparison.

The only section that lends itself for the analysis here is budget. For this section there is a clear and strict correlation between a very strong transfer intention and a strictly followed adoption of processes as one would expect.

The next part will provide a summary of the key findings presented in chapter 9. "Discussion of Key Findings". In the last part of this dissertation chapter 10. "Contribution of the Present Study and Limitations" we will round off the document.

9.3.5 Conclusions on Institutional-Actor-Interplay Impacts and Transfer Intention-Outcome Analysis

In part 9.3 “Key Findings in Institutional-Actor Interplay: Actor-related impacts, Combination Effects, Command Effects, and Transfer Intention and Hybridization” we have provided the overview of key findings of our study for how institutional and actor-related effects have an interaction and how pure actor-related effects impact the transfer of practices. Further we had a look at the interplay between the initial transfer intention of a practice and its final outcome. We start our conclusion here with the pure actor-related effects, linking our findings to the categorization displayed in the theory sections, before drawing our conclusions on the interplay parts.

The first and most pertinent conclusion on actor-related impacts we can draw is that there is without any doubt an important impact of micro-political effects on the transfer of HRM practices in MNCs. Thus bringing back the actors onto the scene of the international transfer of HRM practices is necessary as described by Dörrenbächer and Geppert (2006).

What we found is that this impact of actors involved in the transfer process is not only unidirectional (i.e. to influence the outcome in the sense of a local adaptation of home-country practices), but at times involved actors would also use their power to positively influence the practice transfer (e.g. when in Germany the HR team seeks to overcome obstacles put in the way by the works council). As we should not look at an institutional impact only from a home-country or country-of-origin effect perspective (Almond et al. 2005, Ferner 1997) but also take into consideration reverse diffusion (Edwards and Ferner 2002, Mudambi and Pedersen 2007) we shall also consider political engagement to be transfer boosting (Dörrenbächer and Geppert 2009) and not only transfer blocking.

Further an important conclusion to draw is the importance of the regional HR headquarter (as proposed by Schütte 1996 or Lassere 1996) and the importance of the international setup in general, i.e. also the subsidiary roles (Dörrenbächer and Gammelgaard 2006). From our results we can see that the regional headquarter based in Germany would use the local German subsidiary as a test market and a special focus is on the German market. On the other hand side we can see that in the international setup France has a status we would describe as “free floater” with a too distant position to the US for a close monitoring but also a too uncoordinated position in the international setup for the RHQ in Europe to exert a compact influence.

Further we see that some very same topics such as educational systems and related financial investments into those systems are common for all three host-countries with even the same outcome – but for different reasons. The investments into the local educational systems of the subsidiary is higher in all three European countries than in the US. But where the German and Swiss impacts are classified as and explained as “actors’ socialization” (management behavior - Morgan and Kristensen 2006) backed with financial arguments as proposed by Geppert’s (2003) sense making and politics, the French case of engagement is more down to information asymmetries, a category assigned to subsidiary roles and global integration (Schotter and Beamish 2011).

The same effect can be found for the dialogue systems at MD-2 level. Whereas in Germany the European form is used to the “role development of the subsidiary” (Dörrenbächer and Gammelgaard 2006) with the special focus of the RHQ on the German team, the Swiss non-use of the US system is down to actors’ preferences and concerns as proposed in literature by Blazejewski (2009). Again the categorization is different with Germany having a reason in the “subsidiary role and global integration” corner and Switzerland being under a local “management behavior” impact. Further for France we can conclude that the system was not

even known by “information asymmetry” and therefore also categorized in the “subsidiary roles and global integration” reasons.

To expand our conclusion on the basic theoretical background presented in part A “Actor-Related Effects – Power and Politics in MNCs” we now turn to a concluding table (Table 9.2 “Actor-related impacts on the transfer of HRM practices”) summarizing our findings in a clearly arranged way. The table presents a categorization by country according to the three pillars presented in the theoretical part of this dissertation. The examples of the actor-related impacts might be two-fold or three-fold at times. For the overview in the table here we are classifying the effects as to their dominant actor-related effect to gain an overview.

*Table 9.2: Actor-related impacts on the transfer of HRM practices
(own compilation)*

Classified actor-related impacts	Germany	France	Switzerland
Subsidiary Role and Global Integration	<p><u>Role development of the subsidiary</u></p> <p><u>Training and Development:</u> Proximity to RHQ leads to adaptation of practice based on European solution – model pupil subsidiary</p> <p><u>Compensation and Benefits:</u> Resistance lowered by RHQ – proximity to RHQ playing an important role to adopt US approach</p> <p><u>Appraisal and Dialogue Systems:</u> System developed by RHQ is implemented – exposure to RHQ clearly present</p>	<p><u>Information asymmetries</u></p> <p><u>Training and Development:</u> investment in local training and development initiatives surmounting home-country investments – information asymmetries about local legal circumstances</p> <p><u>Appraisal and Dialogue Systems:</u> Non-use of US or European forms due to information lack</p> <p><u>Strategic position of a subsidiary; autonomy</u></p> <p><u>General status:</u> France as a “free floater” between the US and Europe leads to lack of monitoring and steering of the subsidiary</p>	
Management Behavior	<p><u>Actors’ socialization</u></p> <p><u>Training and Development:</u> Engagement in local educational system surmounting the home-country investments (in relative terms)</p> <p><u>Performance Pressure</u></p> <p><u>Corporate Culture:</u> Non-participation due to treat of bad results</p> <p><u>Actors’ preferences</u></p> <p><u>Recruiting and Selection:</u> Political impact in order to implement the software in Germany (despite works council resistance)</p>	<p><u>Performance Pressure</u></p> <p><u>Recruiting and Selection:</u> Circumventing policies in order to fulfil the job expectations</p> <p><u>Actors’ rationales</u></p> <p><u>Recruiting and Selection:</u> Non-implementation of corporate recruiting and talent management software due to local evaluation</p>	<p><u>Actors’ socialization</u></p> <p><u>Training and Development:</u> Engagement in local educational system surmounting the home-country investments (in relative terms)</p> <p><u>Actors’ preferences</u></p> <p><u>Recruiting and Selection:</u> Personality tests not implemented; actor’s preference impacts the transfer</p> <p><u>Training and Development:</u> Non-implementation of team development meetings due to actor’s preferences</p> <p><u>Appraisal and Dialogue Systems:</u> Non-implementation of the performance appraisal and dialogue systems with local MD preferring not to have it implemented</p> <p><u>Compensation and Benefits:</u> Non-use of corporate MBO forms with preferences for local solutions</p> <p><u>Actors’ rationales</u></p> <p><u>Recruiting and Selection:</u> Non-implementation of corporate recruiting and talent management software due to local evaluation</p>
Symbolic Effects	<p><u>Meaning of culture and ethics</u></p> <p><u>Corporate Culture:</u> Limited engagement in good corporate citizen actions</p>	<p><u>Meaning of culture and ethics</u></p> <p><u>Corporate Culture:</u> Limited engagement in good corporate citizen actions</p>	

What strikes from the table above is that Switzerland is the only country without any specific effects from the subsidiary role. This is explained by the international setup of the organization with France having the “free floater” status and Germany being the “model pupil”. Switzerland thus, is the only country without a specific standing in the set of subsidiaries analyzed here. All three countries have actor-related effects present. In the proposed dichotomy between “Boy Scout” subsidiaries and “subversive” subsidiaries by Morgan and Kristensen (2006) we would allocate the label of Boy Scouts to the German subsidiary whilst not labelling France or Switzerland with a description in either extreme in the presented bi-polar dimension.

The most influencing category seem to be the “management behavior” with actors’ preferences, socialization, and rationales influencing the transfer processes (Blazejewski 2009, Dörrenbächer and Geppert 2009, Dörrenbächer and Geppert 2006). Interestingly pure career orientation or more personal interests are not really important in our study although making the list of effects in literature (Dörrenbächer and Geppert 2009). Generally the same effect classes are repeatedly appearing. Other effects from the broad set as proposed in chapter 2.4 “Power and Politics in the MNC Literature” are not visible in our results. Further cultural differences do obviously not play such an important role in this cross-national process for which we conclude that former research lines following the “culturalist” path tended to overestimate the cultural impact (Hofstede 1980, Hofstede 2001, Trompenaars and Hampden-Turner 1997).

The different outcomes per country lead to the conclusion that the transfer of the HRM practices is heavily impacted on host-country level. We hardly can draw any parallels between the countries or find any patterns that would allow the conclusion of a certain home-country behavior to lead to host-country adaptations. This would in fact underline the importance of both host-country effects and political actions being taken (Edwards and Ferner 2002, Almond et al. 2005, Dörrenbächer and Geppert 2011). We therefore conclude that for the transfer of HRM practices an organization needs to manage the situation at the outcoming end (host-country) with the RHQ adopting a certain role (Schütte 1996).

When concluding on the role of the RHQ we can see that different roles are adopted depending on which country is dealt with. While for Germany the RHQ is taking a more transnational position in a facilitating and coordinating role, for France the role is rather administrative with a multi-domestic mind set. For Switzerland in turn the role is more the one of a coordinator with a global or transnational position. Although the much quoted models proposed by Schütte (1996) and Lasserre (1996) serving as a much founded base for analysis we also claim that one should take into consideration a dynamic component for the analysis of the RHQ behavior. As our results show the behavior is not necessarily consistent in a cross-border context.

Turning to the point of the “power over” situations (based on the model by Ferner et al. 2012) we can conclude from our key findings above that there is no clear tendency of whether one of the three power fields – i.e. processes, meaning, or resources – is being a dominant factor in influencing the transfer outcome. All of the three elements are sources for impacting the transfer outcome. Also the combination of the three elements does not show a clear pattern as to state that a certain combination of the power sources would eventually always lead to an adaptation of the HRM practices. In some cases the combination of all three elements leads to an adaptation in some cases only one element is enough to have a practice adapted locally. Unfortunately literature lacks so far in such analysis that would provide a base for an assessment against. If we still aim to give a ranking we have to state that the most pertinent power area seems to be the influence on processes, followed by the influence on meaning, and on third place the impact of influence on resources would follow. But those differences are not significant.

In summary we conclude for actor-related effects the following points. Actor-related effects do not seem to be specifically dominated by institutional settings with all countries (LME and CME) investigated having such effects present. This concluding point in turn puts into perspective the concept of “host-country” effects referring to the openness of a local system providing the circumstances to a subsidiary to adopt certain HRM practices (Edwards and Ferner 2002). We do not claim for the macro-level to be insignificant but we claim for the micro-level being necessary to gain a full picture on the transfer of practices – being in line with Dörrenbächer and Geppert (2011). Further, we state that actor-related impacts are not unidirectional. They do not necessarily lead to adaptation of practices but can also pave the way for local adoption. We have support for this idea in concepts presenting actors’ ambition also as being transfer boosting (Dörrenbächer and Geppert 2009).

The international setup influences the actor-related situation with the RHQ playing an important role in the transfer process and different subsidiary roles being defined by the organizational business structure (Dörrenbächer and Gammelgaard 2006). In a dichotomy between “free floating” subsidiaries and “model pupil” subsidiaries different roles are possible. Literature comes up here with a concept of “Boy Scout” and “subversive” subsidiaries (Morgan and Kristensen 2006).

Even if for some of the HRM practices the adaptation outcome in all three countries is similar the rationale behind the outcome might differ. We find a strong influence of actors’ preferences, socialization, and rationales impacting the transfer outcome (Blazejewski 2009, Dörrenbächer and Geppert 2009, Dörrenbächer and Geppert 2006)

All three power sources (according to Ferner et al. 2012) for defending adaptations or realizing adaptations were being used in the case investigated. No specific combination of power sources would lead to more adaptation. No significant differences of using power sources in terms of number of frequency can be spotted. If a ranking has to be made processes are the most common feature to give power for adaptation followed by meaning and resources in third place. No literature findings are present to support or contradict this point so. This is also valid for our next concluding point. Transfer adaptation or adoption is most effectively managed at country level if a home-country wants to standardize its processes and practices. A strong RHQ would most probably need to closely monitor the transfer processes.

Further we have not found support in literature for the dynamic dimension within RHQ roles. RHQ roles might differ from host-country to host-country with the international setup dictating the scene.

When it comes to discourse and arguments (Geppert 2003, Dörrenbächer et al. 2014) the most common and apparently effective was for resistance is to come up with legal or financial arguments. Another effective tactics shown by subsidiaries in our investigation in case of willingness to adapt practices seems to be “ignoring” the transfer – see also tactics described by Kostova (1999).

With this conclusion on pure actor-related effects in place we now turn to the conclusion of the actor institutional interplay building on the above provided actor-related summary.

What our results show is that there is an interplay between institutional and actor-related impacts (combination effects) where both forces pull the outcome in one direction. Although new to our knowledge as detected empirical effects the combination approach was requested by authors in the past (Jackson 2010). We found this combination effect on several occasions in Germany and for all countries in the area of training and development. When it comes to command effects, i.e. either institutional impacts dominate actor-related-impacts or vice-versa, the findings are unidirectional for good reasons. We want to state here at the very beginning that this concept has been developed in this present investigation and lacks for assessing points in existing literature as such. The findings we had were all in the direction of actor-related impacts dominating institutional effects. The reason behind those findings seems clear. If there is room for manoeuvre or negotiation for actors (Geppert and

Williams 2006) they would tend to take advantage of those for some reasons and those effects would show up here. If there is no room for manoeuvre, as it could be the case for legal requirements, then the result was not even reported with the institutional circumstances being a given. Interestingly we found some actor-related impacts dominating institutional features. In other words micro-political action can make the implementation of some practices overcome institutional hurdles if micro-political power is exerted at the right point. We found this in case of Germany for recruiting and selection and compensation and benefits practices.

All in all we found most of the combination and command effects in the country of Germany and only very few for France and Switzerland.

When considering micro-political actions the role of regional headquarters shall be analyzed (Schütte 1996) as well and not only the actor-related initiatives in the host-country.

Another model added by the present investigation to the research streams around adaptation and adoption of HRM practices in an international context is the consideration of transfer intention. When it comes to transfer intention and transfer outcome correlation we could collect some interesting insights. For the big majority of practices analyzed there goes an adoption of practices hand in hand with a strong or very strong transfer intention. Although there were some exceptions. Intuitively one would expect legal restrictions behind this adoption-filter. For our study we have to state that when a practice with strong transfer intention was adapted or hybridized the reason was an actor-related one.

From this we can gain multiple insights. For practitioners at the headquarters this would be an indication that their initiatives could be enforced in the majority of cases and that an adaptation of practices can be questioned for good reason.

We eventually summarize our conclusion on institutional-actor interplays with the following comments.

Command effects: It happens that actor-related impacts dominate institutional impacts – but only for areas where there is room for manoeuvre (Geppert and Williams 2006). We did not explicitly find institutional effects commanding actor-related effects for good reasons. If institutional effects are strictly binding we assume that there is a legal requirement. Those requirements cannot be negotiated. Therefore those examples would not show up in a research as conducted for this study. A black and white analysis for only actor-related or institutional impacts would not be enough as some of the key contributions of this investigations show. Combination effects and interplays do exist. It seems that in more coordinated market economies the analysis of the institutional-actor interplay is more fruitful, thus we are in line with expectations from former studies (Wächter et al. 2004). Further, the area of training and development (especially related to the educational system) is the most pertinent area in our study for such a research. Another summarizing point is that when analyzing actor-related effects the role of an RHQ (as proposed by Schütte 1996) has to be considered, not just the role of the local actors. Along with this findings we claim that the international setup (Dörrenbächer and Gammelgaard 2006) plays an important role and should be considered in a transfer analysis. As mentioned here above a main finding in our study is the concept of transfer intention. Generally spoken a strong transfer intention will lead to an adoption of practice in the outcome. Further, we found that for adaptation of practices that are strongly intended to be transferred the reason tends to be more micro-political than institutional. Thus, the attention of the HQ or RHQ when transferring an important practice shall be on a close monitoring on local level.

We next turn to the last chapter of this dissertation. Under the title 10. “Contributions of the Present Study and Limitations” we will provide an ultimate overview of the results by giving answers to the research questions, show what the contributions are of the present study for the research community, show what implications the results have for practitioners, and what eventually the limitations are for the findings of our research.

10. Contributions of the Present Study and Limitations

This last chapter of the dissertation will be structured as follows in order to provide the best possible round-off. We will first start with a display of the essences found in our investigation that are the base for all the conclusions and contributions of the study. Second, we will go back to the research questions, where we formulate statements related to the main drivers of this study, i.e. formulate answers to the research questions. Third, the contributions of this research will be displayed. Fourth, we will say how practitioners can profit from the findings in this very study. Fifth, we will also shortly discuss the limitations of the present research.

10.1 The Research Findings at a Glance

This sub-chapter shall provide a comprehensive overview on the research findings of the present study. The following table 10.1 “Findings at a glance” shall provide a consolidated overview at a glance where the reader can learn in an easy to understand format what findings came out of the study. For each presented HRM practice the strength of the transfer intention is displayed along the transfer outcome, the transfer effects, the commanding actor and its power sources as well as the categorization of the actors’ effects. Based on the findings provided by this table we will in the next sub-chapter formulate the answers to the guiding research questions for the present study.

Table 10.1: Findings at a glance
(own compilation)

Home-Country Practice per HRM Area	Transfer Intention by Home-Country	Transfer Outcome			Transfer Effect			Command Actor			Power Source			Actors' Effect Category		
		GER	FRA	CH	GER	FRA	CH	GER	FRA	CH	GER	FRA	CH	GER	FRA	CH
		Recruiting and Selection														
Personality tests	Moderate to strong	1	2	3	0	2	2	0	2	2	0	1,2,3	1,2	0	2	2
Long recruiting process	Moderate	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0
Workforce diversity	Very weak	3	3	3	2	2	2	2	2	2	2	2	2	2	2	2
Software implementation	Strong	1	3	3	5	2	2	1,2,3	2	2	1,2,3	2,3	2,3	2	2	2
Headcount / hiring freeze / job approval	Very strong	1	2	1	0	2	0	0	2	0	0	1	0	0	2	0
Training and Development																
Company specific training	Moderate to weak	2	2	2	3	3	3	2	2	2	2	2	2	2	1	2
Development programs	Weak to moderate	3	0	3	2	0	2	3	0	3	1,3	0	1,3	2	0	2
Coaching and mentoring	Weak to moderate	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TDM & Succession Planning	Moderate to strong	1	0	3	2	0	2	3	0	2	1,2	0	1,2	1	0	2
Anti-corruption training	Very strong	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0
Compensation and Benefit																
Individualized pay	Assumed to be strong	1	1	2	5	0	2	0	0	2	0	0	1,2	0	0	2
Compensation system and strategy	Strong to very strong	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0
Performance related and variable pay	Strong to very strong	1	1	2	5	0	2	3	0	2	1,2	0	2	1	0	2
Legend	Very Strong Strong Moderate Weak Very Weak	0 = no transfer 1 = Adoption (home-country practice applied) 2 = Hybridization (mixed practice applied) 3 = Adaptation (host-country practice applied)			0 = no impact 1 = institutional effect 2 = actor-related effect 3 = interplay of both effects (combination) 4 = instt. is command effect 5 = actor is command effect			0 = no specific actor impact 1 = home-country actor 2 = host-country actor 3 = RHQ			0 = no source 1 = processes 2 = meaning 3 = resources			0 = no category 1 = Subsidiary Role and Global Integration 2 = Management Behavior 3 = Symbolic Effects		

Table 10.1: Findings at a glance (continued)
(own compilation)

Home-Country Practice per HRM Area	Transfer Intention by Home-Country	Transfer Outcome			Transfer Effect			Command Actor			Power Source			Actors' Effect Category		
		GER	FRA	CH	GER	FRA	CH	GER	FRA	CH	GER	FRA	CH	GER	FRA	CH
		Instruments of Corporate Culture														
Values and mission (incl. employee survey)	Very strong	2	1	2	3	0	2	2	0	2	3	0	2	2	0	3
Code of conduct	Very strong	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0
Community service and employee involvement	Moderate to strong	2	3	2	2	2	2	2	2	2	2	2	2.3	1.2,3	2,3	2
Performance Appraisal and Dialogue Systems																
System MD-2 and below hierarchical levels	Strong	3	3	3	2	2	2	3	1,3	3	1,2	1	1	1,2	2	1,2
System MD-1 and above hierarchical levels	Very strong	1	3	0	0	3	2	0	1,3	2	0	1	1,2,3	0	1	2
Other HRM Practices																
Budgeting	Very strong	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0
Legend	Very Strong Strong Moderate Weak Very Weak	0 = no transfer 1 = Adoption (home-country practice applied) 2 = Hybridization (mixed practice applied) 3 = Adaptation (host-country practice applied)			0 = no impact 1 = institutional effect 2 = actor-related effect 3 = interplay of both effects (combination) 4 = institt. is command effect 5 = actor is command effect			0 = no specific actor impact 1 = home-country actor 2 = host-country actor 3 = RHQ			0 = no source 1 = processes 2 = meaning 3 = resources			0 = no category 1 = Subsidiary Role and Global Integration 2 = Management Behavior 3 = Symbolic Effects		

10.2 Answering the Research Questions: Goals and Achievements of the Present Study

In this part of the concluding sub-chapters of the dissertation we want to reflect on what the goals of our investigation were and on how findings, results and achievements meet our initial expectations.

For this short reminder we will discuss the leading research questions before we assess the findings against the standards and opportunities from chapter 6 “Methodology and Research Design”. This will take place in the next sub-chapter where the contributions of our study will be presented.

We first take a look at the research questions and the formulated assumptions. For those elements we give a concluding comment.

i. What are typical US HRM practices in US MNCs? Under what circumstances and how are those HRM practices influenced?

We generally conclude from our findings that US HRM practices are more standardized and formalized than HRM practices in the European countries. With those findings we are perfectly in line with former studies (e.g. Wächter et al. 2004, Tempel et al. 2005, Pulignano 2006, Ferner et al. 2004, and more). The practices are very systematic in nearly all HRM areas. We can state from our findings that the practices and instruments are indeed more performance and goal oriented in the US than in Europe as proposed by former investigations (Almond et al. 2005). Examples in our study related to this topic are the applied performance appraisal systems and other instruments rooted in the US to support financial goal achievements; requested achievements also deeply rooted in the heritage of the US financial system (O’Sullivan 2000). When it comes to short-term orientation only little evidence of a much stronger characteristic in this sense could be found even though our literature review suggests this specific US traits (Ferner and Müller-Camen 2003). As for all countries involved we found influences on HRM practices from the local institutional context as proposed by one of the main underlying models by Whitley (2000). But we are considering here an influence that does not necessarily hinder or impact in general the transfer of HRM practices as we will learn.

Specifically discussing the topic of corporate culture we can state that it is a concept perceived in a different manner in the US compared to Europe and is therefore a more formalized concept for the home-country than for its European subsidiaries included in this study. Those findings in our study are supported by existing literature by Brewster (2007b) or Barmeyer and Davoine (2011). The institutional influence in the US is clearly visible for our research by its financial system (stock market financing – O’Sullivan 2000, Chandler 1990) and the effects on certain practices as well as the US skill development and control system and the related effects on training and development (Münch 1989). Besides the described institutionally based home-country effects our key findings display a micro-political influence at the receiving end of the practices (Europe) that seems to have a strong impact on the HRM practices transfer outcome.

Bottom line we can say that US HRM practices tend to be very standardized and formalized also under the influence of the local institutional settings. When being transferred overseas the impact of both institutional and actor-related elements is never the less clearly visible.

ii. What is described as “best HRM practices” in US MNCs and how are they transferred?

What we take from our analysis is that so called “best HRM practices” are those who really help to manage people and bring the organization forward (organizational and performance wise) and do not just administer the HRM task (Brewster 2004). In this sense again we can see that also HRM is perceived in a more calculative way in the US (Gooderham et al. 1999) than in Europe where for instance in Germany or France the exchange with industrial

partners such as works councils demand a much higher administration task. The transfer of best practices occurs with global projects being set up and with support of the RHQ (Schütte 1996). Those regional headquarters play an important role in the transfer processes. Besides this multi-country or European workshops are set up in order to “sell” some of the practices to Europe (as it was the case for the implementation of an HR information system for example). For bigger projects the budgeting process is vital for the transfer process.

iii. How are HRM practices of US MNCs accepted in the host-country subsidiaries? To what extent are those practices adapted locally and why?

We can state that the general acceptance of the HRM practices rooted in the US is very high. Looking at the summary table 10.1 “Findings at a glance” we can see that for 44% of all practices an adoption took place. Another 19% of practices are applied in a hybrid form in Europe. Whereas another 10% of practices did not transfer but not for local resistance or incompatibility reasons. This sums up to almost three quarters (73%) of practices that found in one form or another application in the European countries. From our literature review we would have expected a lower level of acceptance with some very prominent examples of adaptation being displayed (Muller 1999, Singe and Croucher 2005, and more). We would explain this effect with the fact that most of the time the visibility for local adaptation is much stronger and provides more catching results than European compliance with the US system. In the studies cited there are without any doubt illustrative examples of adaptation of practices but we lack on information on what quota of all transferred practices in those studies is adapted.

As we can read from the same summary table here above there is adaptation of HRM practices in the foreign subsidiaries. We differentiate the level of adaptation between hybridization (i.e. a localization of home-country practices not encountering best practices – Chung et al. 2014) and adaptation where a practice is reformed. The hybridization rate is 19% whereas the adaptation rate sums up to 27%. This seems rather high for a home-country with a very formalized and standardized rated approach (Wächter et al. 2004). Interestingly the impact on the transfer that leads to adaptation or hybridization is much less rooted in the foreign institutional surroundings than one would assume (Whitley 2000) considering Germany and France as rather regulated and coordinated market economies (Hall and Soskice 2001). In all of the cases of hybridization and adaptation an actor-related effect was included. This does on the one hand speak for the calls for combined institutional-actor research approaches (Jackson 2010) and on the other hand it does not mean that the institutional side of the transfer shall be neglected and would not play a role, thus former studies (e.g. Edwards and Ferner 2002) suggesting this have absolutely a valid point. But in fact the institutional settings such as the co-determination rights leave still room for manoeuvre (Geppert and Williams 2006) and do not systematically prevent the transfer from happening. Only in 12% of all cases the institutional setting impacts the transfer outcome. We can even state that in all cases some actor-related impact could be detected (100%). We claim that the micro-political impact is much stronger than the institutional impact. With this we go probably even one step further than Dörrenbächer and Geppert (2011) who only request for bringing the micro-level back on scene. We definitely claim here that pure institutionalist approaches –such as the model proposed by Whitley (2000) – tend to over-estimate the institutional impact.

When analyzing the transfer outcome the subsidiary role (Dörrenbächer and Gammelgaard 2006) in our research did not have much of an impact. Only in 11% of all cases the subsidiary role was at the causing end of an adaptation. We need to state here that the subsidiary role in our case is very much under the influence of the organizational set up. The German subsidiary located in the same offices as the RHQ has to fulfil the role as test market and role model pupil for others whereas the French subsidiary sometimes has the status of a free floater not being under much scrutiny.

iv. What are typical Swiss/German/French HRM practices in German/French/Swiss companies?

Starting with the case of Germany we can see some effects of the German works council being present within “HealthCo”. But as our results and figures (see above) show the co-determination rights in our case do more shaping to the transfer process than to the outcome. Our findings are therefore somewhat in contrast to some of the former studies (Muller 1999). In our research there was only one case (employee survey) that was blocked by the German works council. But even in this case local micro-political action would help this blocking to happen. On the other side there is a considerable influence of the dual VET system in Germany on applied practices, as expected from findings in our desk research (Kerckhoff 2001, Davoine and Ravasi 2016). But as it is the case for the co-determination rights the dual VET itself does not hinder a certain transfer to happen. There are actor-related reasons behind the application of local practices. For example we found the German expenses on training and development to be the double (in relative terms to total salary cost in the country) from the US value. But this would not be possible without actors’ influence as political brokers (Dörrenbächer and Geppert 2006) as there is no legally binding requirement for minimum investment into the German training and development system. We therefore claim again that also for rather CMEs as Germany the actor-related impacts surpass the institutional influence on the transfer of HRM practices.

As for France we have learnt from our literature review (Roche 2013) we can expect the educational system in the country and some related legal bindings³⁷ to influence the transfer of HRM practices from the US to France. Indeed, France is the only host-country involved where we would find some legally bindings requirements about the investment in training and development. But still we would find some actor-related initiatives for the same topics that influences the HRM practices outcome in the host-country. The expenses in France for training and development exceed the legal minimum which is again proof of micro-political action. On the side of collective bargaining we can say that the discussion in France compared to the legally binding procedures in Germany are more of a symbolic act with much less power for the social partners in France than in Germany. In summary we have to state that not much of the host-country effects for France in the literature could be confirmed in our findings. As for the two other host-countries Germany and Switzerland we would also find for France support in literature for the micro-political component to be influencing (Dörrenbächer and Geppert 2011). We have to state again that there is only very little scientific material available for France in this very subject of HRM practice transfer in a multinational context (Grillat and Mérignac 2011).

Switzerland being probably the most liberal market economy (LME) in the set of host-countries included in this study shows some influence by local practices when it comes to the educational system. Thus we are in line with results as shown by Schröter (2013). The Swiss system compares very much to the German system. As it is the case for Germany Switzerland has no legal binding actions to take when it comes to training and development. Surprisingly the investment cost in this area would also surpass the relative figures in the US by 50%. Again micro-political action (as proposed by the streams around political influence on the transfer outcome – Dörrenbächer and Geppert 2011) is behind the application of this practice. Other typical Swiss practices could not be detected in our research.

v. How and to what extent are the HRM practices in subsidiaries in these 3 countries of the examined US MNC influenced by the local circumstances?

When discussing the local institutional circumstance influencing the transfer of practices we need to name the local educational system as the prominent factor exerting impacts (Schröter 2013, Roche 2013, Davoine and Ravasi 2016). Besides this for Germany the co-determination rights would impact the transfer processes but not necessarily the outcome – being only partly supported by former studies (Muller 1999).

³⁷ <http://www.education.gouv.fr/cid217/la-formation-tout-au-long-de-la-vie.html>

The much more intensive impact is the actor-related forces that work on the HRM practices being transferred (Morgan and Kristensen 2006). There are multiple circumstances on the micro-political level that have an impact. First, the organizational setup of “HealthCo” assigns certain roles to the different host-country subsidiaries (Dörrenbächer and Geppert 2009). France being embedded somewhere directly between the US headquarters and the RHQ in Germany has at times the status of a “free floater”. Germany on the other side is very closely related to the RHQ and fulfills the role of a test market and model student (Boy Scout subsidiary according to Morgan and Kristensen 2006). Switzerland on its term profits from a culturally and for some cases systemic (e.g. educational system) close partnering with Germany and enjoys some sort of protection on certain topics from the RHQ. Important to state is that for all of the host-countries in almost every case the institutional setting leaves room for political action (Geppert and Williams 2006). This room is widely used. For all countries together we found 20 micro-political actions by host-country players on 57 possible occasions – this is on every third transfer process. In Germany those actions (on every fourth occasion) are relatively low compared to France (31% of occasions) and Switzerland (53%). Those findings support the assumption of the German subsidiary being the model student in the class. Further the RHQ has influenced the transfer outcome in Germany on 5 occasions, compared to only twice in France and Switzerland respectively.

Looking at the source of power at disposition of the local actors (according to the model by Ferner et al. 2012) we can see that for a big majority they are in command of the meaning and sense for the local circumstances that help influence the transfer outcome. In total 48 times sources of power were tapped to influence the transfer outcome. In 46% of all occasions the power-over source included the mastering of the local understanding and meaning. Here we can also bridge to the topic of the arguments and discourses (Geppert 2003, Dörrenbächer et al. 2014) being brought in by the actors in order to defend a “certain way of doing business”. In 33% of the cases the mastering of certain processes have allowed the local actors to shape the transfer outcome. Less important is the command over resources (21%). Assessed against our categories on why actor-related influences kicked in we can clearly see that management behavior (including managers’ preferences as suggested by Blazejewski 2009) is the most important reasons for micro-political actions. Unfortunately no existing literature does exist for those figures to be assessed against. Subsidiary roles and symbolic effects are less important in this respect from what we can read from our results.

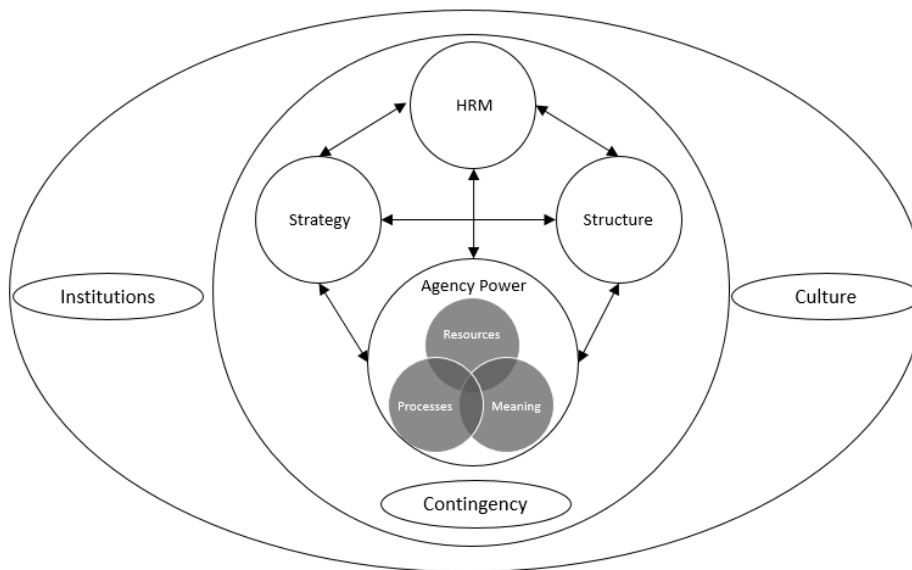
Having summarized the most important insights of our research results in this sub-chapter we will next address the main contributions of our study to the research community.

10.3 Contributions of the Present Study, Implications for Practitioners, and Limitations and Future Research

With our single case study we aimed at investigating a contemporary phenomenon in an interesting multinational context. The goal was to better understand the complex situations in HRM practices transfers and to be able to add some meaning and understanding in situations where a big number of variables come together in one place. With an explorative mind-set and some inductive assumptions at hand we were able to uncover some patterns in this specific international topic that were previously not documented. With this we claim to contribute to theory building in international HRM by providing a comprehensive analysis framework that will support not only practitioners in their work but also make the ground for some future research.

Contributions of the present study

As one of the main contributions of our research we present the elaborated research framework as proposed in chapter 5 “The Research Framework”. Our model combines both institutional (macro-level) and actor-related (micro-level) approaches for the analysis of transfer of HRM practices. In its structure it enfoldes scientifically and empirically proved macro-level models as the framework by Wächter et al. (2003) including the NBS system by Whitley (2000) and comprehensive micro-level models as the power-over system by Ferner et al. (2012). On a detailed level also the discourses and arguments of involved actors (Geppert 2003) as well as the role of involved regional headquarters (Lasserre 1996, Schütte 1996) are considered. All these elements have been applied to a very broad set of HR practices enfolding an entire analysis of the big HR fields as a blend from propositions from former studies (Dowling et al. 2008, Davoine and Nakhle 2011).



*Figure 10.1: A comprehensive research framework
(based on Wächter et al. 2003 and Ferner et al. 2012)*

From the research results based on the present study under application of this comprehensive framework some findings could be uncovered that contribute to a better understanding of international transfer of HRM practices in general.

First, with our investigation we could prove that a combined macro-level and micro-level approach is needed in a consolidated and comprehensive framework in order to capture the full picture of the world of international HRM transfer processes. This combined approach has been requested by well-known researchers in the international HRM field (Dörrenbächer and Geppert 2011, Jackson 2010, Ferner et al. 2012). Our findings show results being in line with the recently introduced micro-level approach (Morgan and Kristensen 2006, Dörrenbächer and Geppert 2011) as well as substantial findings from studies emerging from the institutional research stream (Wächter et al. 2003). Further we were able to introduce some additional ingredients into the framework with actor discourse and arguments (Geppert 2003, Dörrenbächer et al. 2014) and other concepts such as the hybridization (Chung et al. 2014) introduced.

Second, we enlarged all combined but previously existing models (as discussed here above) by the factor of “transfer intention”. This characteristic proved to be a very convenient

element of analysis in HRM practices transfer processes. Whereas former studies would mostly concentrate on the mind-set at the receiving end of the transfer process (Kostova 1999) we introduced an element to the model that represents the trigger for transfer chances. We could show that there is a natural “qualitative correlation” between the transfer intention from the sending home-country and practice adoption and adaptation at the in-taking end of the host-country. The concept of transfer intention shows that there are micro-political actors at both sides of the process. This means there can be activity at the sending as well as at the receiving end of the transfer. Again former approaches would concentrate on actors at the transfer destination (Blazejewski 2009, Koveshnikov 2011 and Williams 2011).

Third, our analysis proved the importance of the international setup, including the subsidiary roles (Dörrenbächer and Gammelgaard 2006) and the role of the regional headquarters (Schütte 1996, Lasserre 1996), in the HRM transfer processes in MNE. We found also that the role of the RHQ can change for host-countries depending on the international setup and the respective positions of the different subsidiaries.

Fourth, our research showed that even in rather coordinated market economies (CMEs) according to the model of Hall and Soskice (2001) it can be the case that a pure institutional feature would not hinder an HRM practice from being transferred. Even for a country as Germany, by trend more of a CME, for what seems legal restrictions micro-political actions can be eventually taken to pave the way for a transfer of practices. The most illustrative example are the German co-determination rights which do in fact influence the transfer process but not necessarily the outcome. Earlier Gooderham et al. (1999) have proposed that the nature of HR work can be shaped by union presence (i.e. an institutional feature according to the underlying model of our research – Whitley 2000), our study does in fact additionally put into perspective the idea of the pure impact of institutional features.

Fifth, as a converse argument we found that in liberal market economies (LMEs) there is not necessarily and automatically less practice adaptation than in CMEs as one could assume following the institutional research stream (Wächter et al. 2003, Budhwar and Sparrow 2002, DiMaggio and Powell 1983). We therefore state that theory nowadays still tends to overestimate institutional impacts. In our study the country supposed to be the most liberal market economy (Switzerland) in the set of all investigated host-countries shows the most adaptations in the transfer of HRM practice processes. Our findings are therefore fully in line with claims by Jackson (2010) for a more integrative approach for such investigations.

Sixth, adaptation is likely to occur when a certain institutional pattern is defended by micro-political action in the sense that a local practice shall be preferred over a home-country practice. The illustrative example of a “combined effect” in our study is the training and development expenses in the different markets. On the other hand no institutional argument is necessarily needed in order to adapt practices and to defend local applications. Even though former studies from both research streams institutionalists (Wächter et al. 2004) and agents for the micro-political approach (Dörrenbächer and Geppert 2011) showed concrete examples of local adaptations the combined approach and real effect could not have been demonstrated so far. Further, we have added with our study the so far inexistent concept of the “command effect”, i.e. either an institutional or a micro-political impact dominating the other effect.

Seventh, if there has to be an argument or a political discourse that shall lead to a successful adaptation of home-country practices it is preferably a financial or legal argument. Even though Geppert (2003) displayed potential arguments from actors our study’s results uncover the most effective arguments to be presented for successful adaptation of practices. This in turn is in line with what Dörrenbächer et al. (2014) describe as accurate tactics to be applied in order to be successful in selling issues to the headquarters.

Eighth, we find management behavior to be the most important actor-related source for adaptation of practices. Even though the concept has been brought up recently (Dörrenbächer and Geppert 2009, Fenton-O'Creevy et al. 2011) no study to our knowledge was able to rank management behavior for its impact compared to other micro-political influences. Similarly we could detect some patterns for the resources of power (Ferner et al. 2012). Power over meaning (i.e. the knowledge of the local organization and what is appropriate to do or not to do) is the one source for adaptation that is most widely used. More than power over processes and resources.

Implications for practitioners

At this final stage of the dissertation we would like to display some of the most important implications of the study's result for practitioners. As we will learn from the part on the limitations we cannot claim for much generalization of the findings as our research methodology is the one of a single case study (Yin 2009). Nevertheless we would like to discuss some insights that might be of interest for all actors involved in international HRM practice transfer.

What we see from the results is that even for companies (US MNCs for example) of which we tend to expect a high degree of generalization and standardization (Almond et al. 2005) there is still an adaptation process going on in the host countries. These findings we share with many former studies (Muller 1999, Barmeyer and Davoine 2011, Wächter et al. 2004, Morgan and Kristensen 2006, etc.).

We do not want to take side of whether adaptation is for the good or the bad of the company as during our research and collection phase we would learn that in most probably all cases actors would behave for what they believe is for the good for the organization – we refer here to actors' rationales (Dörrenbächer and Geppert 2006). A recommendation we would give to all actors is to collaborate with each other (home-country, RHQ, and host-country) to see what the best solution for a transfer is.

Further, however coordinated a market is (Hall and Soskice 2001) there seems to be a possibility for harmonization and standardization. The art of acting in such situations is to identify the right collaboration partners, be it a RHQ, a local actor or social/industrial partner in a market. It seems very simple but true. The more focus the home-country is having on the transfer of a certain practice the more successful the practice will be applied in the host-country. On the other side host-country actors should not back off from arguing there position. There is a chance to be heard.

Finally, the more thoroughly planned an international setup is the better the chance to more easily reach out for the individual markets and host-countries and the easier to establish standardized formats in HRM practices. To be successful in implementing global standards you need to manage the project at the receiving end of the transfer chain, i.e. the host-country.

Limitations and Future Research

Although we claim to have an integrative and comprehensive analysis in place there are still some areas where future research might concentrate and focus on and were our research cannot claim to have captured all aspects of the subject.

First of all with a single case study in place we cannot claim for generalization of our results (Yin 2009). We knew this disadvantage would kick-in when opting for the single case study method. Further, robustness is much higher in multiple case studies and results from multiple cases are more testable than just focusing on one single case as it would allow for comparability (Eisenhardt and Graebner 2007). We are aware that validity is not as high in our single case as it would be in multiple case studies and that any theory building from our results would not be as strong as it could be with multiple case studies (Yin 2009).

Having only one case in place we need also to be aware of a certain incompleteness when looking at the context of our case (Eisenhardt and Graebner 2007). Therefore we would also propose some specific areas for further studies to be considered. Given the expansion strategy of “HealthCo” we know that the company has much grown by acquisitions. For a single case study we can therefore not compare results to so called “greenfield” expansions, where companies would grow “organically” rather than by acquisitions. It would be interesting to see whether a foreign subsidiary with less socialized local actors would have the same degree of adaptation of practices as it was the case for “HealthCo”. Also further studies applying the proposed research framework might have an interest to enter a different industrial sector.

From our collected data set we have learnt that certain elements such as unionism and anti-unionism are not existing concepts within “HealthCo”. Still existing literature sees those concepts as being influential factors (Muller 1999) along with other elements such as “expatriation” (Yu and Wu 2009). It would be interesting to see whether those elements would change the outcome of transferred practices at the receiving end as this would also support our suggestion that successful transfer management needs to be operated at the host-country level.

Further research might also want to include some quantitative data for the analysis. Whereas we have opted for a quantitative approach in order to gain good insights into the “how”, “why”, and “what” aspects future research might want to expand on the existing model with some more number-based approach.

Another interesting approach for future research would be to expand the application of the proposed model to other countries. Preferably a blended set of CME and LME countries. Further, the dynamic role of RHQ could be a topic of interest for future researches.

APPENDICES

A.1 Interview Template: Local HR Managers

LocHR: Guide for interview with (senior) local HR manager



What does s/he see as the major current IR/HR issues in the organisation?

Role and responsibility

Are responsibilities formally laid down?
By whom?

Reporting line?

Division of labour between P&IR function and line managers

Relations with personnel function internationally

Relations with corporate HR

Does the international product division have an HR function – role?

Any contact with HR function in other subsidiaries:
In this country?
Abroad?

International committees, working groups:
How are they managed/coordinated?
What is their role?
Policy-making?

Role of regional HQ in HR

Integration of acquisitions

Role of personnel function in due diligence & integration of acquisitions into Company structure/culture

Numbers

Breakdown of staff numbers by grade, site

Average length of service, turnover %

% of women etc. in workforce (broken down by hierarchical level)

Annualised hours

'family-friendly' work hours
Term-time working
Flexitime

Shift-working

Annual Budget

Process – how is the budget set?
Who does the business negotiate it with

What sort of targets (bottom line, market share, growth?)

How is budget performance monitored?

Sanctions if not met?

Are targets linked to remuneration?

HR/ER in the budget process

labour costs/productivity/no's/training

What happens if not met?

International authority levels
Who approves:
Expenditure/investment

Are there standard ROI levels?

Process of int. approval
e.g. cost comparisons with other sites

Managerial appointments

Product range (are they standard?)

Export decisions

Information systems

What HR/IR info is collected at corporate HQ/divisional HQ or regional HQ?

Who collects it?
What do they do with it?

Productivity comparisons between plants

Is comparison made of performance in different projects?

1. What are typical US HRM practices in US MNCs? Under what circumstances and how are those HRM practices influenced?		
Research Q	Interview Q	Follow-up Q
a) Are typical US HRM practices more standardized and formalized than HRM practices in Germany, France, and Switzerland?	Do you think the US approach to HRM is more standardized and formalized than in your country?	Can you name examples?
b) Are US HRM practices more performance and goal related, and more short-term-oriented than HRM practices in Germany, France, and Switzerland?	Do you have performance appraisal systems in place? Do you have upward appraisals? How is pay determined for managers/non-managers?	Can you describe those? Are those standardized European- or World-wide? Formal procedures company-wide?
c) Are US HRM practices heavily influenced by the surrounding institutional frame?	What role plays performance related play? Do you perceive differences in short- or long-term planning between HQ and your local approach?	What % of headcount is on performance-pay? In how far is HR considered within the planning framework?
d) Is the corporate culture more formalized and important in an US environment than in European subsidiaries?	What role plays corporate culture in the company in general and locally? How important is corporate culture for the HQ and for your subsidiary?	Are there mission statement/credos/codes of conduct? What role plays corporate culture in international conferences/meetings/seminars? How important are informal contacts and networking in your company, also in interaction with other European countries?
e) In how far does the institutional frame influence the HRM practices in US MNCs?	Do you feel an impact of your institutional surroundings on the HRM practices? Do trade unions play a role in your context?	Can you be compliant with all required policies and practices or do have institutional circumstances that go against compliance? Are unions recognized? Which unions? Does America intervene? How does America see it? Unionization rate
f) What is the influence of the micro-political games and the subsidiary roles on the HRM practices in US MNCs?	What role plays collective bargaining in your context? Do subsidiary power or personnel preferences give the subsidiary the opportunity to influence HRM practice transfer?	E.g. in shifts, teamwork, bonuses, working hours; HQ scrutiny of process and outcome? Can you name examples where subsidiary power and/or personal preferences have influenced HRM practices?

LoCHR Questions

2/6

2. What is described as “best HRM practices” in US MNCs and how are they transferred?		
Research Q	Interview Q	Follow-up Q
<p>What is described as “best HRM practices” in US MNCs and how are they transferred?</p>	<p>How is best practice sharing developed? In what ways does American influence manifest? International quality standards?</p> <p><u>Recruitment and Selection</u> Can you think of any best practice sharing within the company? Are there any formal procedures? What is the extent of external recruitment? What is the extent of graduate recruitment?</p> <p><u>Training and Development</u> Can you think of any best practice sharing within the company? Is there a pool of “high-potentials”? What determines moving up ladders? How is training organized? Centrally?</p> <p><u>International Careers (Mobility)</u> Number of expats? Number of Americans? In what roles are expats? How is managerial mobility in general?</p> <p><u>Compensation and Benefits</u> What are HQ expectations to performance related pay? Are there policies/guidelines? Are there non-pay benefits?</p> <p><u>Performance Appraisals</u> Is there a standardized approach?</p> <p><u>Instruments of corporate culture</u> Staff surveys? <i>Workforce diversity? Equal opportunity</i> policies?</p> <p><u>Redundancy</u> <i>How are people made redundant?</i></p> <p><u>Information systems</u> <i>How is HR information shared internationally</i></p>	<p>Can you name examples of best practice sharing?</p> <p>For senior management level? Approval processes? Central manpower planning? Does local institutional setting have an impact on standardization?</p> <p>How are high-potentials identified and developed? Is there a central monitoring of “high-potentials” Are there international training programs for “hi-po”</p> <p>Are there job ladders and job evaluations? Are there job categories? Is this standardized?</p> <p>Is there a central monitoring? Who designs training? In how far does local institutional setting exert influences?</p> <p>Are there policies and criteria to this topic? Who pays for costs? Are there central guidelines?</p> <p>Company cars, housing, health insurance, sports and recreation facilities, long-service awards, family benefits Are there central guidelines/local influences?</p> <p>Who monitors it? Is pay related to the outcome? Central guidelines/local influences?</p> <p>What is top down communication (memos, letters, etc.)? What are suggestion schemes/employee participation forums?</p> <p>Are there any restrictions or difficulties with this? What is the legal influence on it? What information systems are in place?</p>

LoCHR Questions

3/6

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3. How are HRM practices of US MNCs accepted in the host country subsidiaries? To what extent are those practices adapted locally and why?		
Research Q	Interview Q	Follow-up Q
a) What is the general acceptance of US HRM practices in foreign subsidiaries?	Can you think of typical US HRM practices that have been transferred to your subsidiary? <i>Hint to 6 areas of research (e.g. comp&ben)</i>	How do you rate the general acceptance of such practices transferred from the US? Can you name some examples and reactions?
b) Are US HRM practices adapted in foreign subsidiaries?	Can you think of any US HRM practices that have been adapted when being transferred?	Are you audited for HR policies/practices? If yes, what/how/when/where/who?
c) What is the impact of the (foreign) local institutional settings on US HRM practices?	Can you explain why those have been adapted? Were there institutional influences, cultural influences, actors' preferences?	Who monitors the transfer of practices? How are they transferred? Who is hold responsible for the transfer?
d) How do the institutional setting shape US HRM practices, or in other words what is the level of adaptation due to the local institutional settings?	Do you feel that American institutional settings influence the nature of transferred practices?	Do you have examples of conflict when both the US and the local institutional setting exerted influence on the same HR practice?
e) What is the impact of micro-political games on the adaptation of US HRM practices in foreign subsidiaries?	How far does the company set a framework for subsidiary HR for substantive issues?	Do they take an interest? Do policies exist? Do you know/ask what policies are? Are policies permissive or obligatory? With whom are new policies discussed?
f) How does this impact shape the adaptation of US HRM practices in foreign subsidiaries?	Do you think subsidiary roles and the level of integration influence the transfer/adaptation of HRM practices?	Refer to page 5 in LochHR interview guide to confront interviewee with concepts of: - Subsidiary roles and global integration Ask for examples, experiences, etc.
g) What is the impact of the role of the subsidiary on the adaptation of US HRM practices?		

4. What are typical Swiss/German/French HRM practices in German/French/Swiss companies?		
Research Q	Interview Q	Follow-up Q
a) How does the system of co-determination influence the local German HR practices (in the US MNC)?	Do you feel the system of co-determination has an influence on local German HRM practices?	For all interview questions: How does this translate? Do you have examples where it shaped transferred practices?
b) How does the system of dual VET influence the local German HR practices (in the US MNC)?	Do you feel the system of dual VET has an influence on local German HRM practices?	
c) How does the presence of unions influence the local German HR practices (in the US MNC)?	How does the presence of unions influence the local German HR practices (in the US MNC)?	Which unions do you have to deal with? How does US see this? Are there interventions or conflict?
d) What other influences (host-country effects) do we detect in the present study?	Can you think of other subsidiary-country specific effects shaping the transfer of practices?	What is collectively agreed in your market?
e) How does the educational system in France influence the HR practices (in the US MNC)?	How does the educational system in France influence the HR practices (in the US MNC)?	
f) How and to what extent are the HR practices in France (in US MNCs) influenced by collective bargaining?	How and to what extent are the HR practices in France (in US MNCs) influenced by collective bargaining?	Which unions do you have to deal with? How does US see this? Are there interventions or conflicts?
g) What other influences (host-country effects) do we detect in the present study?	Can you think of other subsidiary-country specific effects shaping the transfer of practices?	What is collectively agreed in your market?
h) How does the system of dual VET influence the local Swiss HR practices (in the US MNC)?	How does the system of dual VET influence the local Swiss HR practices (in the US MNC)?	
i) How does the consensus-oriented culture influence local Swiss HR practices (in US MNCs)?	How does the consensus-oriented culture influence local Swiss HR practices (in US MNCs)?	
j) How does the federalist state influence local Swiss HR practices (in US MNCs)?	How does the federalist state influence local Swiss HR practices (in US MNCs)?	
k) What other influences (host-country effects) do we detect in the present study?	What other influences (host-country effects) do we detect in the present study?	

5. How and to what extent are the HRM practices in subsidiaries in these 3 countries of the examined US MNC influenced by the local circumstances?		
Research Q	Interview Q	Follow-up Q
a) What are the local institutional circumstances shaping HRM practices in Germany/France/Switzerland?	Of what local institutional settings can you think that influence the HRM practices in your country?	For the following areas: <ul style="list-style-type: none"> - Recruitment and selection - Training and development - Compensation and benefit - Performance appraisals - Instrument of corporate culture What institutional influence of practices in these areas can you think of?
b) What are the micro-political circumstances shaping HRM practices in Germany/France/Switzerland?	Referring to management behavior in general. Do you see any influence of managerial behavior on the transfer of HRM practices?	Refer to page 5 in LochHR interview guide to confront interviewee with concepts of: <ul style="list-style-type: none"> - Management behaviour Ask for examples, experiences, etc.
c) How do the local actors shape HRM practices in the host countries?	Turning to the concept of symbolic effects. Are you aware of symbolic effects influencing the outcome of HRM practices?	Do you have any examples of symbolic effects or symbolic actions (related to corporate culture)? Do any of the following concepts remind you of a practice adaptation? <ul style="list-style-type: none"> - Meaning of culture and ethics - Style of achievement - Cultural opposition - Adapting pleasing behavior - Symbolic effects of behavior - Cultural identity
d) What influence does the subsidiary role exert on the implementation of HRM practices in the host-country?	Can you describe what role your subsidiary is playing in the global organization?	Do you think the holding of power in the described are empowers our local organization of adapting HRM or other management practices?
e) What are the power-resources of the foreign subsidiaries and how do they influence the outcome of HRM practices in the subsidiaries?	Does your subsidiary hold power over one of the following areas: <ul style="list-style-type: none"> - Resources - Processes - Meaning Explain those areas to interviewee	
f) What other micro-political games do shape the implementation of HRM practices in the foreign subsidiaries?	What other micro-political games do shape the implementation of HRM practices in the foreign subsidiaries?	

A.2 Interview Template: Local Business Managers

LocMgr: Guide for interview with (senior) local (sales) manager



Career and background

How long in Company
 Previous experience
 Process of appointment
 Formal responsibilities, role, objectives
 Reporting lines?
(Sales) functions at HQ?
Divisional Sales Manager?
MD?

Relations with USA/HQ

Is there a Company management board
 Role of the Americans on directors?
Division of labour
 Is structure same in other Company subsidiaries?

Functions & role of (sales) department

How many staff
 What functions?
 How organised
At HQ
In country
 Cost/mgt accounting vs. financial accounting

Relations with Company (Sales) Managers at HQ

How often?
 What issues?
 What forums
International meetings of (Sales) Managers?
Policy-making vs info. exchange?
International committees, working groups on finance issues?
Informal contact
 With whom?
 Contact with function in other subsidiaries?
 Does the central function learn anything from practice in the subsidiaries?
 Contact to HR (also at HQ)?
 Role in collective bargaining (if applies)?

Management control: annual budget

Budget setting

Role of (Sales) Manager in budget planning process
 Standard Company format?
 Negotiated, consulted or directed from HQ?
Who sees/discusses the budget plans?
What sort of issues are discussed?
 What sort of targets

How are costs broken down? [Cost accounting]

Budget monitoring and enforcement

How are systems and control processes monitored?
Financial audit team from Company?
 Budget reporting
What sort of monthly/quarterly report
Are they standard across Company?
 How are variances dealt with?
 Sanctions if not met?
Targets linked to remuneration?
Results expected over what timescale?
Who would intervene if problems?

Distinctiveness of Company budget systems/

How does Company method compare with fin/mgt control system in other co's?
 Is it distinctively American?

HR/ER targets in the budget process

How are labour elements in budget set?
 Labour costs
Numbers (broken down by grade?)
 Are targets set e.g. for training/absenteeism/turnover
 What happens if not met?
 Productivity measures: are sites compared across countries
Productivity/unit labour costs
Sales per employee

Corporate-wide or division-wide initiatives

Approach to quality standards and procedures
ISO 9000? /QS 9000
Taken up by Company group?
 Productivity initiatives
 Marketing products internationally

Information systems

What info is collected by HQ
 Does Company have access to other Company Group co's information?
 What info does US HQ collect?
 HR: *Headcount, Payroll/bonus pay, Training, absence, turnover*
 Sales
 Quality of service
 Customer satisfaction
 What does it do with it?
E.g. if quality of service indicators falling in Company UK who would intervene?

1. What are typical US HRM practices in US MNCs? Under what circumstances and how are those HRM practices influenced?		
Research Q	Interview Q	Follow-up Q
a) Are typical US HRM practices more standardized and formalized than HRM practices in Germany, France, and Switzerland?	Do you think the US approach to management is more standardized / formalized than in your country?	Can you name examples?
b) Are US HRM practices more performance and goal related, and more short term-oriented than HRM practices in Germany, France, and Switzerland	Are there standardized approaches in performance and achievement measurement? Are there standardized planning procedures in your area?	Can you describe those? Are those standardized European- or World-wide? What are the key elements? Can you describe those?
c) Are US HRM practices heavily influenced by the surrounding institutional frame?	Do you perceive differences in short- or long-term planning between HQ and your local approach? Do you think US management practices are influenced by its institutional surroundings?	What are the company's long term objectives? Can you give examples of differences perceived in management practices US to your country?
d) Is the corporate culture more formalized and important in an US environment than in European subsidiaries?	Is there a distinctive company culture? What role plays corporate culture in the company in general and locally?	Can you be compliant with all requirements and practices or do have institutional circumstances that go against compliance?
e) In how far does the institutional frame influence the HRM practices in US MNCs?	Is there a certain company management style? In what ways is American influence manifested?	Are there mission statement/ /codes of conduct? How does this translate to your working area? What role plays corporate culture in international conferences/meetings/seminars? How important are informal contacts and networking in your company, also in interaction with other European countries? Short-termism, cost control, shareholder value, etc.?
f) What is the influence of the micro-political games and the subsidiary roles on the HRM practices in US MNCs?	Do subsidiary power or personnel preferences give the subsidiary the opportunity to influence management practice?	Can you name examples where subsidiary power and/or personal preferences have influenced HRM practices?

2. What is described as “best HRM practices” in US MNCs and how are they transferred?		
Research Q	Interview Q	Follow-up Q
What is described as “best HRM practices” in US MNCs and how are they transferred?	<p>How is best practice sharing (not HR specific) developed? In what ways does American influence manifest? International quality standards?</p> <p><u>Recruitment and Selection</u> Can you think of any best practice sharing within the company? Are there any formal procedures?</p> <p><u>Training and Development</u> Can you think of any best practice sharing within the company? Is there a pool of “high-potentials”?</p> <p><u>International Careers (Mobility)</u> How is managerial mobility in general?</p> <p><u>Compensation and Benefits</u> What are HQ expectations to performance related pay? Are there policies/guidelines?</p> <p><u>Performance Appraisals</u> Is there a standardized approach?</p> <p><u>Instruments of corporate culture</u> Staff surveys? / Workforce diversity? Equal opportunity policies? / Employee involvement?</p> <p><u>Redundancy</u> How are people made redundant?</p> <p><u>Information systems</u> How is HR information shared internationally</p>	<p>Can you name examples of best practice sharing? How are best practices transferred? - International meetings/ Management systems/ Marketing strategies/ International principles in work organization (team working, continuous improvement, JIT) Productivity measured? Site comparis./ Benchmarking?</p> <p>For senior management level? Approval processes?</p> <p>How are high-potentials identified and developed? Are there international training programs for “hi-po”</p> <p>What is the extent of mobility? What are the criteria? Who pays for it? Are there any HCE abroad (for training?)</p> <p>Are there central guidelines/local influences?</p> <p>Who monitors it? Is pay related to the outcome? Central guidelines/local influences?</p> <p>What is top down communication (memos, letters, etc.)? What are suggestion schemes/employee participation forums?</p> <p>Are there any restrictions or difficulties with this? What is the legal influence on it?</p> <p>What information systems are in place?</p>

3. How are HRM practices of US MNCs accepted in the host country subsidiaries? To what extent are those practices adapted locally and why?		
Research Q	Interview Q	Follow-up Q
a) What is the general acceptance of US HRM practices in foreign subsidiaries?	<p>Related to authority levels/mgt control: What influence does HQ exert on:</p> <ul style="list-style-type: none"> - Major investments - Managerial appointments - Product ranges - Export decisions - Introduction of software 	<p>Does HQ dictate suppliers for capital equipment purchases?</p> <p>For investment approvals: Is there a standard ROI level? Where in US is decision made? Role of company board? Dealings with HQ counterparts?</p> <p>Are you audited for those policies/practices? If yes, what/how/when/where/who?</p> <p>Who monitors those processes?</p>
b) Are US HRM practices adapted in foreign subsidiaries?	<p>Related to the above: Can you think of any US practices that have been adapted?</p> <p>Can you explain why those have been adapted? Were there institutional influences, cultural influences, actors' preferences?</p> <p>Do you feel that American institutional settings influence the nature of transferred practices?</p>	
c) What is the impact of the (foreign) local institutional settings on US HRM practices?		
d) How do the institutional setting shape US HRM practices, or in other words what is the level of adaptation due to the local institutional settings?		
e) What is the impact of micro-political games on the adaptation of US HRM practices in foreign subsidiaries?	Do you think subsidiary roles and the level of integration influence the transfer/adaptation of HRM practices?	<p>Refer to page 5 in LocHR interview guide to confront interviewee with concepts of:</p> <ul style="list-style-type: none"> - Subsidiary roles and global integration <p>Ask for examples, experiences, etc.</p>
f) How does this impact shape the adaptation of US HRM practices in foreign subsidiaries?		
g) What is the impact of the role of the subsidiary on the adaptation of US HRM practices?		

4/6

4. What are typical Swiss/German/French HRM practices in German/French/Swiss companies?		
Research Q	Interview Q	Follow-up Q
a) How does the system of co-determination influence the local German HR practices (in the US MNC)?	Do you feel the system of co-determination has an influence on local German management practices?	For all interview questions: How does this translate? Do you have examples where it shaped transferred practices?
b) How does the system of dual VET influence the local German HR practices (in the US MNC)?	Do you feel the system of dual VET has an influence on local German mgt practices?	
c) How does the presence of unions influence the local German HR practices (in the US MNC)?	How does the presence of unions influence the local German mgt practices (in the US MNC)?	Which unions do you have to deal with? How does US see this? Are there interventions or conflict?
d) What other influences (host-country effects) do we detect in the present study?	Can you think of other subsidiary-country specific effects shaping the transfer of practices?	What is collectively agreed in your market?
e) How does the educational system in France influence the HR practices (in the US MNC)?	How does the educational system in France influence the mgt practices (in the US MNC)?	
f) How and to what extent are the HR practices in France (in US MNCs) influenced by collective bargaining?	How and to what extent are the mgt practices in France (in US MNCs) influenced by collective bargaining?	Which unions do you have to deal with? How does US see this? Are there interventions or conflicts?
g) What other influences (host-country effects) do we detect in the present study?	Can you think of other subsidiary-country specific effects shaping the transfer of practices?	What is collectively agreed in your market?
h) How does the system of dual VET influence the local Swiss HR practices (in the US MNC)?	How does the system of dual VET influence the local Swiss mgt practices (in the US MNC)?	
i) How does the consensus-oriented culture influence local Swiss HR practices (in US MNCs)?	How does the consensus-oriented culture influence local Swiss mgt practices (in US MNCs)?	
j) How does the federalist state influence local Swiss HR practices (in US MNCs)?	How does the federalist state influence local Swiss mgt practices (in US MNCs)?	
k) What other influences (host-country effects) do we detect in the present study?	What other influences (host-country effects) do we detect in the present study?	

5/6

5. How and to what extent are the HRM practices in subsidiaries in these 3 countries of the examined US MNC influenced by the local circumstances?		
Research Q	Interview Q	Follow-up Q
a) What are the local institutional circumstances shaping HRM practices in Germany/France/Switzerland?	Of what local institutional settings can you think that influence the management practices in your country?	In your area specifically?
b) What are the micro-political circumstances shaping HRM practices in Germany/France/Switzerland?	Referring to management behavior in general. Do you see any influence of managerial behavior on the transfer of management practices?	Refer to page 5 in LochHR interview guide to confront interviewee with concepts of: <ul style="list-style-type: none"> - Management behaviour Ask for examples, experiences, etc.
c) How do the local actors shape HRM practices in the host countries?	Turning to the concept of symbolic effects. Are you aware of symbolic effects influencing the outcome of management practices?	Do you have any examples of symbolic effects or symbolic actions (related to corporate culture)? Do any of the following concepts remind you of a practice adaptation? <ul style="list-style-type: none"> - Meaning of culture and ethics - Style of achievement - Cultural opposition - Adapting pleasing behavior - Symbolic effects of behavior - Cultural identity
d) What influence does the subsidiary role exert on the implementation of HRM practices in the host-country?	Can you describe what role your subsidiary is playing in the global organization?	Do you think the holding of power in the described are empowers our local organization of adapting HRM or other management practices?
e) What are the power-resources of the foreign subsidiaries and how do they influence the outcome of HRM practices in the subsidiaries?	Does your subsidiary hold power over one of the following areas: <ul style="list-style-type: none"> - Resources - Processes - Meaning Explain those areas to interviewee	
f) What other micro-political games do shape the implementation of HRM practices in the foreign subsidiaries?	What other micro-political games do shape the implementation of management practices in the foreign subsidiaries?	

A.3 Interview Template: HQ HR Managers

HQ-HR: Guide for interview with (senior) HQ HR manager



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UNIVERSITÄT FREIBURG

What does s/he see as the major current IR/HR issues in the organisation?

Why do we transfer HRM practices from the US to Europe?

How do you perceive management styles in the different countries?

Background and Organisation

Personal background of interviewee

Respondent's role and responsibility

Reporting lines

From national subsidiaries

From international product/business divisions

History of European HR HQ

International structure of personnel function

Is there a written manual of personnel policy & procedures?

Relation between HQ HR and country subsidiaries' HR function?

Formal/informal contact with personnel function in subsidiaries

International committees, working groups

Information collection - what HR/IR info does HQ collect, how is it used?

How is international HR policy devised/implemented (e.g. involvement of subsidiaries)?

Integration of acquisitions

Role in integrating HR of new acquisitions

Policies

How far does company set a framework for subsidiary HR?

For each of these:

Are there any central policies

Does HQ take an interest in what happens in subsidiaries?

Do they know/ask what subsidiary policies are?

Are policies 'permissive' or obligatory?

Annual Budget

Annual budget process – including targets, monitoring

HR/ER in the budget process

Labour costs/productivity/numbers

Investment approval

Best practice sharing

Transfer of practices between countries -

Use of productivity comparisons between plants, international productivity initiatives

International standards

Information systems

Management planning and control systems

Planning framework

Information systems

Productivity comparisons between plants

1. What are typical US HRM practices in US MNCs? Under what circumstances and how are those HRM practices influenced?		
Research Q	Interview Q	Follow-up Q
a) Are typical US HRM practices more standardized and formalized than HRM practices in Germany, France, and Switzerland?	Do you think the US approach to HRM is more standardized and formalized than in GER/FRA/CH?	Can you name examples ?
b) Are US HRM practices more performance and goal related, and more short-term-oriented than HRM practices in Germany, France, and Switzerland	Do you have performance appraisal systems in place? Do you have upward appraisals? How is pay determined for managers/non-managers?	Can you describe those? Are those standardized European- or World-wide ? Formal procedures company-wide?
c) Are US HRM practices heavily influenced by the surrounding institutional frame?	What role plays performance related play? Do you perceive differences in short- or long-term planning between HQ and your local approach?	What % of headcount is on performance-pay? In how far is HR considered within the planning framework?
d) Is the corporate culture more formalized and important in an US environment than in European subsidiaries?	What role plays corporate culture in the company?	Are there mission statement/credos/codes of conduct? What role plays corporate culture in international conferences/meetings/seminars?
e) In how far does the institutional frame influence the HRM practices in US MNCs?	Do you feel an impact of your institutional surroundings on the HRM practices? Do trade unions play a role in GER/FRA/CH?	How important are informal contacts and networking in your company, also in interaction with other European countries? Can you be compliant with all required policies and practices or do have institutional circumstances that go against compliance?
f) What is the influence of the micro-political games and the subsidiary roles on the HRM practices in US MNCs?	What role plays collective bargaining (works councils) in your context? Do subsidiary power or personnel preferences give the subsidiary the opportunity to influence HRM practice transfer?	Are unions recognized? Which unions? Does America intervene? How does America see it? Unionization rate E.g. in shifts, teamwork, bonuses, working hours; HQ scrutiny of process and outcome? Can you name examples where subsidiary power and/or personal preferences have influenced HRM practices?

2. What is described as “best HRM practices” in US MNCs and how are they transferred?		
Research Q	Interview Q	Follow-up Q
What is described as “best HRM practices” in US MNCs and how are they transferred?	<p>How is best practice sharing developed? In what ways does American influence manifest? International quality standards?</p> <p>Recruitment and Selection Can you think of any best practice sharing within the company? Are there any formal procedures? What is the extent of external recruitment? What is the extent of graduate recruitment?</p> <p>Training and Development Can you think of any best practice sharing within the company? Is there a pool of “high-potentials”? What determines moving up ladders? How is training organized? Centrally?</p> <p>International Careers (Mobility) Number of expats? Number of Americans? In what roles are expats? How is managerial mobility in general?</p> <p>Compensation and Benefits What are HQ expectations to performance related pay? Are there policies/guidelines? Are there non-pay benefits?</p> <p>Performance Appraisals Is there a standardized approach?</p> <p>Instruments of corporate culture Staff surveys? <i>Workforce diversity? Equal opportunity</i> policies?</p> <p>Redundancy How are people made redundant?</p> <p>Information systems How is HR information shared internationally</p>	<p>Can you name examples of best practice sharing?</p> <p>For senior management level? Approval processes? Central manpower planning? Does local institutional setting have an impact on standardization?</p> <p>How are high-potentials identified and developed? Is there a central monitoring of “high-potentials”? Are there international training programs for “hi-po”?</p> <p>Are there job ladders and job evaluations? Are there job categories? Is this standardized?</p> <p>Is there a central monitoring? Who designs training? In how far does local institutional setting exert influences?</p> <p>Are there policies and criteria to this topic? Who pays for costs? Are there central guidelines?</p> <p>Company cars, housing, health insurance, sports and recreation facilities, long-service awards, family benefits Are there central guidelines/local influences?</p> <p>Who monitors it? Is pay related to the outcome? Central guidelines/local influences?</p> <p>What is top down communication (memos, letters, etc.)? What are suggestion schemes/employee participation forums?</p> <p>Are there any restrictions or difficulties with this? What is the legal influence on it?</p> <p>What information systems are in place?</p>

3/6

3. How are HRM practices of US MNCs accepted in the host country subsidiaries? To what extent are those practices adapted locally and why?		
Research Q	Interview Q	Follow-up Q
a) What is the general acceptance of US HRM practices in foreign subsidiaries?	Can you think of typical US HRM practices that have been transferred to European subsidiary? <i>Hint to 6 areas of research (e.g. comp&ben)</i>	How do you rate the general acceptance of such practices transferred from the US? Can you name some examples and reactions?
b) Are US HRM practices adapted in foreign subsidiaries?	Can you think of any US HRM practices that have been adapted when being transferred?	How are implementations and adaptations monitored and followed-up?
c) What is the impact of the (foreign) local institutional settings on US HRM practices?	Can you explain why those have been adapted? Were there institutional influences, cultural influences, actors' preferences?	Who monitors the transfer of practices? How are they transferred? Who is hold responsible for the transfer?
d) How do the institutional setting shape US HRM practices, or in other words what is the level of adaptation due to the local institutional settings?	Do you feel that American institutional settings influence the nature of transferred practices?	Do you have examples of conflict when both the US and the local institutional setting exerted influence on the same HR practice?
e) What is the impact of micro-political games on the adaptation of US HRM practices in foreign subsidiaries?	How far does the company set a framework for subsidiary HR for substantive issues?	Do they take an interest? Do policies exist? Do you know/ask what policies are? Are policies permissive or obligatory? With whom are new policies discussed?
f) How does this impact shape the adaptation of US HRM practices in foreign subsidiaries?	Do you think subsidiary roles and the level of integration influence the transfer/adaptation of HRM practices?	Refer to page 5 in LocHR interview guide to confront interviewee with concepts of: - <i>Subsidiary roles and global integration</i> Ask for examples, experiences, etc.
g) What is the impact of the role of the subsidiary on the adaptation of US HRM practices?		

4. What are typical Swiss/German/French HRM practices in German/French/Swiss companies?		
Research Q	Interview Q	Follow-up Q
a) How does the system of co-determination influence the local German HR practices (in the US MNC)?	Do you feel the system of co-determination has an influence on local German HRM practices?	For all interview questions: How does this translate? Do you have examples where it shaped transferred practices?
b) How does the system of dual VET influence the local German HR practices (in the US MNC)?	Do you feel the system of dual VET has an influence on local German HRM practices?	Which unions do you have to deal with? How does US see this? Are there interventions or conflict?
c) How does the presence of unions influence the local German HR practices (in the US MNC)?	How does the presence of unions influence the local German HR practices (in the US MNC)?	What is collectively agreed in your market?
d) What other influences (host-country effects) do we detect in the present study?	Can you think of other subsidiary-country specific effects shaping the transfer of practices?	
e) How does the educational system in France influence the HR practices (in the US MNC)?	How does the educational system in France influence the HR practices (in the US MNC)?	Which unions do you have to deal with? How does US see this? Are there interventions or conflicts?
f) How and to what extent are the HR practices in France (in US MNCs) influenced by collective bargaining?	How and to what extent are the HR practices in France (in US MNCs) influenced by collective bargaining ?	What is collectively agreed in your market?
g) What other influences (host-country effects) do we detect in the present study?	Can you think of other subsidiary-country specific effects shaping the transfer of practices?	
h) How does the system of dual VET influence the local Swiss HR practices (in the US MNC)?	How does the system of dual VET influence the local Swiss HR practices (in the US MNC)?	
i) How does the consensus-oriented culture influence local Swiss HR practices (in US MNCs)?	How does the consensus-oriented culture influence local Swiss HR practices (in US MNCs)?	
j) How does the federalist state influence local Swiss HR practices (in US MNCs)?	How does the federalist state influence local Swiss HR practices (in US MNCs)?	
k) What other influences (host-country effects) do we detect in the present study?	What other influences (host-country effects) do we detect in the present study?	

5. How and to what extent are the HRM practices in subsidiaries in these 3 countries of the examined US MNC influenced by the local circumstances?		
Research Q	Interview Q	Follow-up Q
a) What are the local institutional circumstances shaping HRM practices in Germany/France/Switzerland?	Of what local institutional settings can you think that influence the HRM practices in your country?	For the following areas: <ul style="list-style-type: none"> - Recruitment and selection - Training and development - Compensation and benefit - Performance appraisals - Instrument of corporate culture What institutional influence of practices in these areas can you think of? Refer to page 5 in LocHR interview guide to confront interviewee with concepts of: <ul style="list-style-type: none"> - Management behaviour Ask for examples, experiences, etc.
b) What are the micro-political circumstances shaping HRM practices in Germany/France/Switzerland?	Referring to management behavior in general. Do you see any influence of managerial behavior on the transfer of HRM practices?	Do you have any examples of symbolic effects or symbolic actions (related to corporate culture)? Do any of the following concepts remind you of a practice adaptation? <ul style="list-style-type: none"> - Meaning of culture and ethics - Style of achievement - Cultural opposition - Adapting pleasing behavior - Symbolic effects of behavior - Cultural identity Do you think the holding of power in the described are empowers our local organization of adapting HRM or other management practices?
c) How do the local actors shape HRM practices in the host countries?	Turning to the concept of symbolic effects. Are you aware of symbolic effects influencing the outcome of HRM practices?	
d) What influence does the subsidiary role exert on the implementation of HRM practices in the host-country?	Can you describe what role your subsidiary is playing in the global organization?	
e) What are the power-resources of the foreign subsidiaries and how do they influence the outcome of HRM practices in the subsidiaries?	Does your subsidiary hold power over one of the following areas: <ul style="list-style-type: none"> - Resources - Processes - Meaning Explain those areas to interviewee	
f) What other micro-political games do shape the implementation of HRM practices in the foreign subsidiaries?	What other micro-political games do shape the implementation of HRM practices in the foreign subsidiaries?	

A.4 Interview Template: HQ Business Managers

HQ-Biz: Guide for interview with (senior) HQ (sales) manager

What does s/he see as the major current IR/HR issues in the organisation?

Why do we transfer HRM practices from the US to Europe?

How do you perceive management styles in the different countries?

Background and Organisation

Personal background of interviewee

Respondent's role and responsibility

Reporting lines

From national subsidiaries

From international product/business divisions

History of European HR HQ

Are there any central policies

Does HQ take an interest in what happens in subsidiaries?

Do they know/ask what subsidiary policies are?

Are policies 'permissive' or obligatory?

International structure of personnel function

Is there a written manual of personnel policy & procedures?

Relation between HQ HR and country subsidiaries' HR function?

Formal/informal contact with personnel function in subsidiaries

International committees, working groups

Information collection - what HR/IR info does HQ collect, how is it used?

How is international HR policy devised/implemented (e.g. involvement of subsidiaries)?

Annual Budget

Annual budget process – including targets, monitoring

HR/ER in the budget process

Labour costs/productivity/numbers

Investment approval

Best practice sharing

Transfer of practices between countries -

Use of productivity comparisons between plants, international productivity initiatives

International standards

Information systems

Management planning and control systems

Planning framework

Integration of acquisitions

Role in integrating HR of new acquisitions

Policies

How far does company set a framework for subsidiary HR?

For each of these:

Information systems

Power of different subsidiaries GER/FRA/CH

1. What are typical US HRM practices in US MNCs? Under what circumstances and how are those HRM practices influenced?		
Research Q	Interview Q	Follow-up Q
a) Are typical US HRM practices more standardized and formalized than HRM practices in Germany, France, and Switzerland?	Do you think the US approach to HRM is more standardized and formalized than in GER/FRA/CH?	Can you name examples?
b) Are US HRM practices more performance and goal related, and more short-term-oriented than HRM practices in Germany, France, and Switzerland?	Do you have performance appraisal systems in place? Do you have upward appraisals? How is pay determined for managers/non-managers?	Can you describe those? Are those standardized European- or World-wide? Formal procedures company-wide?
c) Are US HRM practices heavily influenced by the surrounding institutional frame?	What role plays performance related play? Do you perceive differences in short- or long-term planning between HQ and your local approach?	What % of headcount is on performance-pay? In how far is HR considered within the planning framework?
d) Is the corporate culture more formalized and important in an US environment than in European subsidiaries?	What role plays corporate culture in the company?	Are there mission statement/credos/codes of conduct? What role plays corporate culture in international conferences/meetings/seminars?
e) In how far does the institutional frame influence the HRM practices in US MNCs?	Do you feel an impact of your institutional surroundings on the HRM practices? Do trade unions play a role in GER/FRA/CH? What role plays collective bargaining in your context?	How important are informal contacts and networking in your company, also in interaction with other European countries? Can you be compliant with all required policies and practices or do have institutional circumstances that go against compliance?
f) What is the influence of the micro-political games and the subsidiary roles on the HRM practices in US MNCs?	Do subsidiary power or personnel preferences give the subsidiary the opportunity to influence HRM practice transfer?	Are unions recognized? Which unions? Does America intervene? How does America see it? Unionization rate E.g. in shifts, teamwork, bonuses, working hours; HQ scrutiny of process and outcome? Can you name examples where subsidiary power and/or personal preferences have influenced HRM practices?

2/6

2. What is described as “best HRM practices” in US MNCs and how are they transferred?		
Research Q	Interview Q	Follow-up Q
What is described as “best HRM practices” in US MNCs and how are they transferred?	<p>How is best practice sharing developed? In what ways does American influence manifest? International quality standards?</p> <p><u>Recruitment and Selection</u> Can you think of any best practice sharing within the company? Are there any formal procedures? What is the extent of external recruitment? What is the extent of graduate recruitment?</p> <p><u>Training and Development</u> Can you think of any best practice sharing within the company? Is there a pool of “high-potentials”? What determines moving up ladders? How is training organized? Centrally?</p> <p><u>International Careers (Mobility)</u> Number of expats? Number of Americans? In what roles are expats? How is managerial mobility in general?</p> <p><u>Compensation and Benefits</u> What are HQ expectations to performance related pay? Are there policies/guidelines? Are there non-pay benefits?</p> <p><u>Performance Appraisals</u> Is there a standardized approach?</p> <p>Instruments of corporate culture Staff surveys? Workforce diversity? Equal opportunity policies?</p> <p><u>Redundancy</u> How are people made redundant?</p> <p>Information systems How is HR information shared internationally</p>	<p>Can you name examples of best practice sharing?</p> <p>For senior management level? Approval processes? Central manpower planning? Does local institutional setting have an impact on standardization?</p> <p>How are high-potentials identified and developed? Is there a central monitoring of “high-potentials” Are there international training programs for “hi-po” Are there job ladders and job evaluations? Are there job categories? Is this standardized?</p> <p>Is there a central monitoring? Who designs training? In how far does local institutional setting exert influences?</p> <p>Are there policies and criteria to this topic? Who pays for costs? Are there central guidelines?</p> <p>Company cars, housing, health insurance, sports and recreation facilities, long-service awards, family benefits Are there central guidelines/local influences?</p> <p>Who monitors it? Is pay related to the outcome? Central guidelines/local influences?</p> <p>What is top down communication (memos, letters, etc.)? What are suggestion schemes/employee participation forums?</p> <p>Are there any restrictions or difficulties with this? What is the legal influence on it?</p> <p>What information systems are in place?</p>

3/6

3. How are HRM practices of US MNCs accepted in the host country subsidiaries? To what extent are those practices adapted locally and why?		
Research Q	Interview Q	Follow-up Q
a) What is the general acceptance of US HRM practices in foreign subsidiaries?	Can you think of typical US HRM practices that have been transferred to European subsidiary? <i>Hint to 6 areas of research (e.g. comp&ben)</i>	How do you rate the general acceptance of such practices transferred from the US? Can you name some examples and reactions?
b) Are US HRM practices adapted in foreign subsidiaries?	Can you think of any US HRM practices that have been adapted when being transferred?	How are implementations and adaptations monitored and followed-up?
c) What is the impact of the (foreign) local institutional settings on US HRM practices?	Can you explain why those have been adapted? Were there institutional influences, cultural influences, actors' preferences?	Who monitors the transfer of practices? How are they transferred? Who is hold responsible for the transfer?
d) How do the institutional setting shape US HRM practices, or in other words what is the level of adaptation due to the local institutional settings?	Do you feel that American institutional settings influence the nature of transferred practices?	Do you have examples of conflict when both the US and the local institutional setting exerted influence on the same HR practice?
e) What is the impact of micro-political games on the adaptation of US HRM practices in foreign subsidiaries?	How far does the company set a framework for subsidiary HR for substantive issues?	Do they take an interest? Do policies exist? Do you know/ask what policies are? Are policies permissive or obligatory? With whom are new policies discussed?
f) How does this impact shape the adaptation of US HRM practices in foreign subsidiaries?	Do you think subsidiary roles and the level of integration influence the transfer/adaptation of HRM practices?	Refer to page 5 in LocHR interview guide to confront interviewee with concepts of: - Subsidiary roles and global integration Ask for examples, experiences, etc.
g) What is the impact of the role of the subsidiary on the adaptation of US HRM practices?		

4. What are typical Swiss/German/French HRM practices in German/French/Swiss companies?		
Research Q	Interview Q	Follow-up Q
a) How does the system of co-determination influence the local German HR practices (in the US MNC)?	Do you feel the system of co-determination has an influence on local German HRM practices?	<i>For all interview questions: How does this translate? Do you have examples where it shaped transferred practices?</i>
b) How does the system of dual VET influence the local German HR practices (in the US MNC)?	Do you feel the system of dual VET has an influence on local German HRM practices?	
c) How does the presence of unions influence the local German HR practices (in the US MNC)?	How does the presence of unions influence the local German HR practices (in the US MNC)?	Which unions do you have to deal with? How does US see this? Are there interventions or conflict?
d) What other influences (host-country effects) do we detect in the present study?	Can you think of other subsidiary-country specific effects shaping the transfer of practices?	What is collectively agreed in your market?
e) How does the educational system in France influence the HR practices (in the US MNC)?	How does the educational system in France influence the HR practices (in the US MNC)?	
f) How and to what extent are the HR practices in France (in US MNCs) influenced by collective bargaining?	How and to what extent are the HR practices in France (in US MNCs) influenced by collective bargaining?	Which unions do you have to deal with? How does US see this? Are there interventions or conflicts?
g) What other influences (host-country effects) do we detect in the present study?	Can you think of other subsidiary-country specific effects shaping the transfer of practices?	What is collectively agreed in your market?
h) How does the system of dual VET influence the local Swiss HR practices (in the US MNC)?	How does the system of dual VET influence the local Swiss HR practices (in the US MNC)?	
i) How does the consensus-oriented culture influence local Swiss HR practices (in US MNCs)?	How does the consensus-oriented culture influence local Swiss HR practices (in US MNCs)?	
j) How does the federalist state influence local Swiss HR practices (in US MNCs)?	How does the federalist state influence local Swiss HR practices (in US MNCs)?	
k) What other influences (host-country effects) do we detect in the present study?	What other influences (host-country effects) do we detect in the present study?	

5. How and to what extent are the HRM practices in subsidiaries in these 3 countries of the examined US MNC influenced by the local circumstances?		
Research Q	Interview Q	Follow-up Q
a) What are the local institutional circumstances shaping HRM practices in Germany/France/Switzerland?	Of what local institutional settings can you think that influence the HRM practices in your country?	For the following areas: - Recruitment and selection - Training and development - Compensation and benefit - Performance appraisals - Instrument of corporate culture What institutional influence of practices in these areas can you think of? Refer to page 5 in LochHR interview guide to confront interviewee with concepts of: - Management behaviour Ask for examples, experiences, etc.
b) What are the micro-political circumstances shaping HRM practices in Germany/France/Switzerland?	Referring to management behavior in general. Do you see any influence of managerial behavior on the transfer of HRM practices?	Do you have any examples of symbolic effects or symbolic actions (related to corporate culture)? Do any of the following concepts remind you of a practice adaptation? - Meaning of culture and ethics - Style of achievement - Cultural opposition - Adapting pleasing behavior - Symbolic effects of behavior - Cultural identity
c) How do the local actors shape HRM practices in the host countries?	Turning to the concept of symbolic effects. Are you aware of symbolic effects influencing the outcome of HRM practices?	
d) What influence does the subsidiary role exert on the implementation of HRM practices in the host-country?	Can you describe what role your subsidiary is playing in the global organization?	Do you think the holding of power in the described are empowers our local organization of adapting HRM or other management practices?
e) What are the power-resources of the foreign subsidiaries and how do they influence the outcome of HRM practices in the subsidiaries?	Does your subsidiary hold power over one of the following areas: - Resources - Processes - Meaning Explain those areas to interviewee	
f) What other micro-political games do shape the implementation of HRM practices in the foreign subsidiaries?	What other micro-political games do shape the implementation of HRM practices in the foreign subsidiaries?	

6/6

A.5 Interaction-Observation Check-List

Interaction-Observation Check-List



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Interviewee: _____

Location: _____

Date: _____

- ☐ Questions sent prior to interview (question sheet)
- ☐ Interview-package prepared (introduction page, case study protocol, basic interview question guide, previously collected relevant information)
- ☐ Always put a date on notes and documents
- ☐ Show how, when, and where information was collected (strategy)
- ☐ Document your observations (related to culture); ambience, elements describing culture
- ☐ Observation of rituals
- ☐ Rooms, locations, space, work time
- ☐ What shows me that I am in a "HealthCo" location? (logos, pictures, cloths, etc.)
- ☐ HR related: FTE, symbols, office situation, number of employees, space, images, people, etc.
- ☐ Languages spoken; When is English used? What language is spoken in what circumstance?
- ☐ Understand processes that are under local institutional influences
- ☐ Americanophilie?
- ☐ Understand adaptation/standardization structures/principles
- ☐ Understand power/interests/identities of actors for adaptation or standardization
- ☐ Hierarchical differences between different job groups

A.6 Interview Introduction Check-List

Introduction Page

1. About me

Christian Schober (32 y/o)

Economical background: 9y regular school, 3y Commercial School La Neuveville, 2y Neuchâtel, 6y Master's degree in Management/Economics, 0.5y England (internship), since 2009 w/ HS, since 2012 PhD

2. Topic

“Transfer of HRM practices in US multinational companies – a 3 country case study including Germany, France, and Switzerland”

What are typical HRM practices in the country?

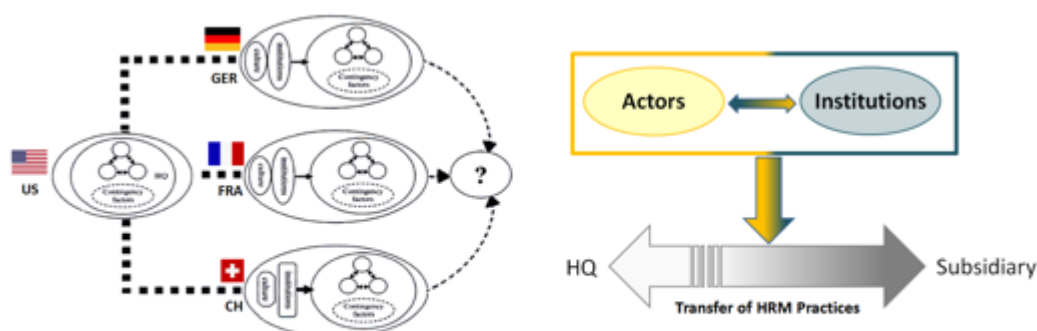
How are those transferred?

How are those adapted/standardized locally/worldwide?

3. Approach

Goal: Filtering out macro- and micro influences on the transfer of HRM practices

1. Filtering out home- and host- country effects (institutional)
2. Filtering out actor's influence
3. Find out the interplay



Method: Single Case Study, qualitative approach, guided interview and ethnographic observation

4. Further aspects considered

Standardisation aspects
Information systems
General Management elements
Power resources
Functions
HQ-sub relationship



A.7 Data Collection Protocol (Extract)

Code	Source Nature	Form of Registration	Complementary: Interview Partner or Document Nature	Source Site	Date
CH-6	Document	document	PPT Slide Show	Switzerland	12.04.2010
US-17	Document	document	Email	US	22.12.2012
US-28	Document	document	Email	US	11.02.2013
US-18	Document	document	Email	US	03.07.2013
EU-4	Observation	photo	Photo	Germany	27.01.2014
US-6	Observation	visual / oral		Germany	27.01.2014
US-29	Document	document	Email	US	25.02.2014
CH-13	Informal exchange	oral	24_Swiss_Switzerland	Switzerland	07.03.2014
CH-18	Informal exchange	oral	24_Swiss_Switzerland	Switzerland	07.03.2014
CH-25	Informal exchange	oral	24_Swiss_Switzerland	Switzerland	07.03.2014
CH-3	Informal exchange	oral	24_Swiss_Switzerland	Switzerland	07.03.2014
G-9	Informal exchange	oral	27_Austrian_Switzerland	Switzerland	21.03.2014
US-23	Document	document	Email / Excel Spread Sheet	Germany	15.05.2014
US-39	Document	document	Guideline	US	06.06.2014
US-2	Observation	visual / oral		Switzerland	28.06.2014
EU-16	Document	document	PPT Slide Show	Switzerland	08.07.2014
EU-17	Document	document	PPT Slide Show	Switzerland	08.07.2014
UK-2	Informal exchange	oral	7_UK_Europe	Switzerland	08.07.2014
UK-4	Informal exchange	oral	7_UK_Europe	Switzerland	08.07.2014
US-3	Document	document	online interview	Internet	11.07.2014
EU-22	Informal exchange	oral	10_German_Europe	Germany	22.07.2014
EU-3	Informal exchange	oral	10_German_Europe	Germany	22.07.2014
G-6	Document	document	Email	Switzerland	25.08.2014
UK-3	Informal exchange	oral	8_UK_Europe	Telephone	05.09.2014
F-1	Informal exchange	oral	3_French_France	France	25.09.2014
F-2	Informal exchange	oral	3_French_France	France	27.09.2014
F-3	Informal exchange	oral	3_French_France	France	27.09.2014
EU-2	Informal exchange	oral	9_German_Europe	Germany	30.11.2014
US-1	Observation	visual	30_US_US	US	02.12.2014
US-10	Informal exchange	oral	28_US_US	US	02.12.2014
US-12	Informal exchange	oral	28_US_US	US	02.12.2014
US-13	Informal exchange	oral	29_US_US	US	02.12.2014
US-15	Observation	visual		US	02.12.2014
US-16	Informal exchange	oral	13_US_Global	US	02.12.2014
US-19	Informal exchange	oral	14_US_Global	US	02.12.2014
US-20	Informal exchange	oral	13_US_Global	US	02.12.2014
US-33	Informal exchange	oral / observation	15/16_US_US	US	02.12.2014
US-35	Informal exchange	oral	13_US_Global	US	02.12.2014
US-37	Informal exchange	oral	13_US_Global	US	02.12.2014
US-38	Informal exchange	oral	13_US_Global	US	02.12.2014
US-4	Observation	visual / oral		US	02.12.2014

Code	Source Nature	Form of Registration	Complementary: Interview Partner or Document Nature	Source Site	Date
US-5	Informal exchange	oral	19_US_US	US	02.12.2014
US-7	Informal exchange	oral	30_US_US	US	02.12.2014
US-8	Informal exchange	oral	30_US_US	US	02.12.2014
US-41	Informal exchange	oral	17_US_Global	US	04.12.2014
US-34	Document	document	Email	US	08.12.2014
EU-13	Document	document	PPT Slide Show	Germany	16.12.2014
CH-21	Document	document	MBO Sheet	Switzerland	07.01.2015
CH-26	Document	document	Excel Spread Sheet	Switzerland	07.01.2015
US-9	Document	document	PPT Slide Show	Germany	21.01.2015
US-42	Document	document	Job Requisition Form	Germany	29.01.2015
US-24	Document	document	PIP Sheet	Germany	06.02.2015
CH-5	Observation	visual / document	Email / Word Document	Switzerland	01.05.2015
EU-21	Informal exchange	oral	European Recruiting Mgr	Switzerland	11.05.2015
US-22	Document	document	Meeting Agenda	Switzerland	11.05.2015
US-27	Document	document	Email	US	14.05.2015
CH-7	Document	document	Word Document	Switzerland	22.05.2015
EU-15	Document	document	PPT Slide Show	Switzerland	08.06.2015
CH-16	Document	document	Excel Spread Sheet	Switzerland	20.06.2015
CH-17	Informal exchange	oral	24_Swiss_Switzerland	Switzerland	20.06.2015
EU-20	Additional query	oral	9_German_Europe	Telephone	20.06.2015
EU-25	Additional query	oral	11_German_Europe	Telephone	20.06.2015
F-4	Document	document	PPT Slide Show	France	20.06.2015
F-5	Document	document	Excel Spread Sheet	France	20.06.2015
G-1	Additional query	oral	4_German_Germany	Telephone	20.06.2015
G-5	Document	document	Email	Germany	24.06.2015
US-21	Document	document	Email	US	22.09.2015
CH-23	Document	document	Email	Switzerland	22.10.2015
US-36	Document	document	Appraisal Form	US	06.11.2015
EU-6	Observation	participation / document	PPT Slide Show	Austria	10.11.2015
US-32	Document	document	E-Bulletin	US	17.11.2015
EU-8	Document	document	Tool / Excel Spread Sheet	Austria	09.12.2015
EU-5	Informal exchange	oral	European Recruiting Mgr	Telephone	15.12.2015
F-6	Document	document	Email	France	05.01.2016
US-25	Document	document	MBO Sheet	Germany	09.01.2016
US-26	Document	document	Email	US	12.01.2016
EU-29	Observation	observation		Germany	13.01.2016
US-11	Observation	oral / document	PPT Slide Show	Germany	15.01.2016
US-14	Informal exchange	oral	29_US_US	Germany	15.01.2016
EU-26	Document	document	Email	Europe	21.01.2016
US-40	Document	document	Guideline	US	28.01.2016
CH-11	Document	document	Quality Management Report	Switzerland	01.02.2016
CH-12	Document	document	Job Advert	Switzerland	05.02.2016
CH-1	Observation	visual		Switzerland	multiple

Code	Source Nature	Form of Registration	Complementary: Interview Partner or Document Nature	Source Site	Date
CH-10	Observation	observation / participation		Switzerland	multiple
CH-14	Observation	observation / participation		Switzerland	multiple
CH-15	Document	document	Job Requisition Form	Switzerland	multiple
CH-19	Document	document	Dialogue Form	Switzerland	multiple
CH-2	Observation	participation		Switzerland	multiple
CH-20	Observation	observation		Switzerland	multiple
CH-22	Observation	observation		Switzerland	multiple
CH-24	Observation	observation		Switzerland	multiple
CH-27	Observation	observation		Switzerland	multiple
CH-4	Observation	oral / visual		Switzerland	multiple
CH-8	Document	document	Job Description	Switzerland	multiple
CH-9	Document	document	Job Advert	Switzerland	multiple
EU-1	Observation	participation / document		Switzerland	multiple
EU-10	Informal exchange	oral	11_German_Europe	Germany	multiple
EU-11	Observation	visual		Switzerland	multiple
EU-12	Observation	visual		Switzerland	multiple
EU-14	Informal exchange	oral / observation	10_German_Europe	Switzerland	multiple
EU-18	Informal exchange	oral	11_German_Europe	Germany	multiple
EU-19	Informal exchange	oral	9_German_Europe	Germany	multiple
EU-23	Observation	observation		Switzerland / Germany	multiple
EU-24	Observation / informal exchange	observation / informal exchange	11_German_Europe	Germany	multiple
EU-27	Informal exchange	observation / informal exchange	10_German_Europe	Germany	multiple
EU-7	Informal exchange	oral	11_German_Europe	Germany	multiple
EU-9	Informal exchange	oral	9_German_Europe	Germany	multiple
F-7	Document	document	Appraisal Form	France	multiple
G-10	Observation	observation		Germany	multiple
G-11	Observation / informal exchange	oral	11_German_Europe	Germany	multiple
G-4	Document	document	Catalogue	Germany	multiple
G-7	Document	document	Dialogue Form	Switzerland / Germany	multiple
UK-1	Informal exchange	oral	7_UK_Europe	Switzerland	multiple
US-30	Document	document	Word Document	US	multiple
EU-28	Informal exchange	oral	11_German_Europe	Germany	not registered
G-8	Informal exchange	oral	11_German_Europe	Germany	not registered
US-31	Document	document	Magazine	US	not registered

A.8 MAXQDA Coding List

Code-ID	Position	Code	Sub-Code	Codings	Frequency
1	1		Region / Country	0	0.00
10	2	Region / Country	US	125	6.47
11	3	Region / Country	€	37	1.92
12	4	Region / Country	Germany	53	2.74
13	5	Region / Country	France	21	1.09
14	6	Region / Country	Switzerland	49	2.54
2	7		HRM Practices	0	0.00
24	8	HRM Practices	Recruiting and Selection	52	2.69
23	9	HRM Practices	Training and Development	44	2.28
22	10	HRM Practices	Compensation and Benefit	50	2.59
21	11	HRM Practices	Elements of Corporate Culture	103	5.33
20	12	HRM Practices	Appraisals and Dialogues	36	1.86
19	13	HRM Practices	Other Effects	133	6.88
18	14	HRM Practices	HQ Relations	57	2.95
17	15	HRM Practices	Dismissals	9	0.47
16	16	HRM Practices	Mobility	17	0.88
15	17	HRM Practices	Information Systems	53	2.74
36	18	HRM Practices	Budget and Finance	125	6.47
35	19	HRM Practices	Mergers and Acquisitions	32	1.66
3	20		Macro-Level Influences	76	3.93
31	21	Macro-Level Influences	Legal	28	1.45
30	22	Macro-Level Influences	Co-determination / Works Council	38	1.97
29	23	Macro-Level Influences	Unions	16	0.83
28	24	Macro-Level Influences	Educational System	8	0.41
37	25	Macro-Level Influences	Other US specific effects	21	1.09
27	26	Macro-Level Influences	Other German specific effects	23	1.19
26	27	Macro-Level Influences	Other French sepecific effects	17	0.88
25	28	Macro-Level Influences	Other Swiss specific effects	14	0.72
4	29		Micro-Level Influences	176	9.11
34	30	Micro-Level Influences	Subsidiary Roles and Integration	37	1.92
33	31	Micro-Level Influences	Management Behaviour	117	6.06
32	32	Micro-Level Influences	Symbolic Effects	35	1.81
5	33		Best Practice / Isomorphic Attitude	130	6.73
6	34		Reverse Diffusion	8	0.41
7	35		Transfer Strategy / Expansion	94	4.87
8	36		Clash of Cultures	53	2.74
9	37		Transfer over time	9	0.47
38	38		Further Comments	36	1.86

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