Localization of International Human Resource Management in EMNCs:

A Comparative Case Analysis of Chinese MNCs in UK

Wang, Lijie

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Declaration

This thesis has not been submitted in support of an application for another degree at this or any other university. It is the result of my own work and includes nothing that is the outcome of work done in collaboration except where specifically indicated. Many of the ideas in this thesis were the product of discussion with my supervisor Professor Martin Friesl, Dr Josip Kotlar and Professor Wei Shen.

Abstract

By developing the multidimensional model of IHRM practice localization and autonomy, this study provides a more comprehensive framework of the typology and antecedents of IHRM study within the tension between global integration and local responsiveness. In order to answer the research question to explore the types of IHRM in multinational corporations from emerging economies, and the key factors that influence MNCs' IHRM patterns, this study adopts a multiple case study approach with 9 subsidiaries (from 7 Chinese MNCs) operating in UK. A key insight is that there are different IHRM patterns exercised by Chinese MNCs with the combination of different levels of HRM practice localization and HRM autonomy. The various IHRM patterns are represented by six HRM strategies including global, transnational, opportunistic dual, passive dual, confederate, and multidomestic HRM. These specified IHRM types particularly contribute to the empirical IHRM typology studies in the context of EMNCs. A second insight reveals that the variance of IHRM patterns can be explained from both the corporate's aspect including MNCs' integrative capabilities and international strategies, and the subsidiaries' aspect including subsidiaries' entry mode and their resource dependence on parent company. Such relationships enrich our understanding of MNCs' IHRM in institutional theory, resource-based and resource dependence theories. Moreover, this study extends IHRM research in the context of emerging countries using China as an example which also provides contextual and cultural explanations for the specific IHRM strategies found in this study.

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List of Abbreviations

IHRM	International Human Resource Management
MNC	Multinational corporation
EMNC	Emerging multinational corporation
OLI	Ownership-Location-Internationalization
SIHRM	Strategic International Human Resource Management
NGO	Non-governmental organization
SHRM	Strategic Human Resource Management
PCNs	Parent-country nationals
HCNs	Host-country nationals
HRIS	Human Resource Information System
IFDI	Inward foreign direct investment
OFDI	Outward foreign direct investment
LOF	Liability of foreignness
LLL	Linkage-leverage-learning
HRCOE	Human Resource Centre of Expertise
HRBP	Human Resource Business Partner
HRSSC	Human Resource Shared Service Center
KPI	Key Performance Indicator
FSA	Firm-specific advantage
HQ	Headquarter
Sub	Subsidiary

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1. Introduction

1.1 Research background

The availability and appropriate adoption of strategic human resources are very important for the development and success of multinational corporations (Tung, 1984; Wilkinson et al., 2014; Fan et al., 2016). Thus, understanding how MNCs can manage their employees in foreign countries becomes a critical question in international human resource management (IHRM) studies. Among the various discussions of IHRM issues, there is a long-standing debate about how MNCs should respond to the tension between global integration and local responsiveness, which is also seen as an IHRM localization issue (Lawrence and Lorsch, 1969; Permutter, 1969; Bartlett and Ghoshal, 1989; Taylor et al., 1996; Venaik et al., 2004; Rosenzweig, 2006).

The global integration-local responsiveness framework in IHRM is deeply embedded in two distinctive paradigms, between convergence (universalist) vs divergence (contextualist) perspectives. Specifically, it is argued that MNCs face two competing forces: the imperative to pursue a global-scale and standardized strategy on the one hand, and the necessity to respond to the diverse demands of foreign markets in different countries on the other (Doz et al., 1981; Bartlett and Ghoshal, 1989). Following the central framework of global integration and local responsiveness, extant IHRM research has focused on the level of HRM practices in MNCs' subsidiaries and examined HRM standardization and localization mainly by considering subsidiaries' resemblance to headquarter's HRM practices or local HRM practices. Another IHRM literature stream focuses on the control relationship between MNCs' headquarters and subsidiaries (e.g. Asakawa, 2001; Kostova and Roth, 2002; Ferner et al., 2004). MNCs tend to sustain a certain level of control and use various kinds of control and coordination mechanisms to ensure subsidiaries' activities conform with corporate

IHRM strategies. Meanwhile, it is also important to grant autonomy and certain decision-making authority to subsidiaries, since they are more familiar with local knowledge and conditions (Nohria and Ghoshal, 1994). Therefore, how companies deal with the tension between global integration and local responsiveness in deciding subsidiaries' HRM practices and the headquarters-subsidiary relationship is a key concern in MNCs' IHRM strategies.

A number of theories have been used to explain MNCs' IHRM strategies. For example, new institutionalism suggests that HRM strategies and their implementation by MNCs' subsidiaries are influenced by dual isomorphic factors (Kostova, 1999; Kostova and Roth, 2002; Edwards et al., 2005; Rosenzweig, 2006). Accordingly, subsidiaries' HRM practices are shaped by external local coercive pressures, such as labour regulations and employment relations, for local legitimacy in the host country, while subsidiaries also need to comply with organizational pressure and factors such as corporate international strategy and capabilities to achieve internal legitimacy within the parent company (Westney, 1993; Kostova, 1999; Westney and Zaheer, 2001). Similarly, MNCs' internationalization activities are explained by resource-based theory in the international business literature. It emphasizes that MNCs' IHRM strategies and practices can be explained with firm-related advantages (with a specific relation between the home country and the host country), country-specific factors (in relation to locations) and international entry strategies (concerning transaction costs) (Buckley and Casson, 1976; Dunning, 1983; Dunning and Rugman, 1985; Rugman and Verbeke, 1992; Child and Rodrigues, 2005; Berning and Holtbrugge, 2012). While resource dependence theory focuses on the resource dependency relationships between headquarters and subsidiaries and their influences on MNCs' IHRM strategies (Pfeffer and Salancik, 1978; Aldrich, 1979; Hannon et al., 1995; Taylor et al., 1996; Kim, 2003).

To date, extensive IHRM studies have been conducted in the context of developed country MNCs. There is limited research that focuses on EMNCs to explore how they manage human resources in foreign countries within the global integration-local responsiveness framework (Chang et al., 2012; Fan et al., 2013; Fan et al., 2016). EMNCs are multinational companies in countries of origin from emerging economies, which are in the process of transitioning from developing to developed economies, such as India and China (Kvint, 2009). Emerging economies are playing an increasingly critical role as outward foreign direct investors. Take China as an example. China has become the second biggest investor in the global market. In 2016, China saw its strongest annual growth in outward foreign direct investment (OFDI), which reached US$181.2 bn, more than 20 times greater than in 2005 (MOFCOM, 2018). Even though the OFDI declined slightly in 2017 because of increased scrutiny of capital outflows, the growth in Chinese OFDI is stable, especially since the announcement of the 'Belt and Road' project, which involves collaboration between 64 countries. Given the overwhelming importance of EMNCs, it is critical to extend IHRM studies in the context of MNCs from emerging economies such as China (Fan et al., 2013; Wilkinson et al., 2014).

1.2 Research gap and research questions

Necessity to differentiate different types of IHRM strategies of Chinese firms

Despite the substantial literature on IHRM, there remain several outstanding research gaps in the field. The first research gap focuses on the typology of IHRM in Chinese MNCs. It is an important research topic because previous IHRM typologies are underspecified with clear comparing IHRM dimensions and lack empirical supports for various IHRM types. In the IHRM domain, managing the tensions within global integration-local responsiveness is widely agreed to be a key problem in MNCs (Evans et al., 2002; Edwards and Kuruvila, 2005; Rosenzweig, 2006; Brewster et al., 2008). Many studies have explored the global integration-local responsiveness issue as reflected in MNCs' IHRM strategies and practices (e.g. Evans et al., 2002; Rosenzweig, 2006; Bjorkman and Lervik, 2007; Farndale and Paauwe, 2007; Farndale et al., 2008; Brewster et al., 2008; Chung et al., 2012). Most of the IHRM literature focuses on the differentiation of IHRM types concerning the degree of global integration and local responsiveness. Generally, there are three types of IHRM patterns that have been identified, based on convergence, divergence and 'crossvergence' philosophies (Bjorkman, 2003; Pudelko and Harzing, 2007; Dewettinck and Remue, 2011; Fan et al., 2016). The convergent IHRM tendency emphasizes high levels of internal consistency and uses replicated or similar HRM policies and practices originating from the parent company without major modification (Bjorkman, 2003; Rowley and Benson, 2002). It is characterized as 'exportive' (Taylor et al., 1996) or 'ethnocentric' (Perlmutter, 1969) HRM in previous models. The divergent IHRM tendency takes an opposite view and emphasizes the influence of the external environment and the adaptation of HRM policies and practices to the local context (Morisbima, 1995; Whitley, 2000; Pudelko, 2006; Sidani and Al Ariss, 2014). It is characterized as 'adaptive' (Taylor et al., 1996) or 'polycentric' (Permutter, 1969) HRM. Instead of the two extreme IHRM patterns, there exists a crossvergent IHRM tendency that combines both the exogenous and endogenous pressures from headquarters and overseas subsidiaries to create the 'best' IHRM approach (Ralston et al., 1993; Ralston et al., 1997; Tung and Baumann, 2009; Sidani and Al Ariss, 2014). This kind of IHRM is characterized as 'integrative' (Taylor et al., 1996) or 'geocentric' (Perlmutter, 1969) HRM in previous studies.

However, the dimensions that construct the global integration-local responsiveness issue in IHRM are not sufficiently developed and specified. Most of the extant IHRM literature concerning the degree of global integration and local responsiveness primarily remains on the HRM practice level and uses the similarities of subsidiaries' HRM practices to those of the parent company as the only indicator of certain IHRM types (Rosenzweig and Nohris, 1994; Hannon et al., 1995; Taylor et al., 1996; Ngo et al., 1998; Dickmann and Muller-Camen, 2006; Bjorkman, 2006). It is argued that the notion of global integration and local responsiveness in IHRM needs to be developed and specified to include other related dimensions, rather than simply relying on comparisons of the standardization and localization of HRM practices between headquarters and overseas subsidiaries (Vennaik et al., 2004; Chung, 2015). Some scholars have made attempts to develop a more comprehensive framework to identify IHRM patterns. For example, they have included certain control and coordination dimensions in their comparisons, such as negotiations in globalizing HRM (Edwards and Temple, 2010; Edwards and Rees, 2011; Edwards et al., 2013), the knowledge-network dimension (Dickmann and Muller-Camen, 2006) and the autonomy of subsidiaries (Fan et al., 2016). Concerning the availability of defining and comparing of the dimensions, this research will mainly follow Fan et al.'s (2016) localization-autonomy framework to include the HRM control relationship between headquarters and subsidiaries as a critical factor in the implementation of IHRM in MNCs, since it can also be discussed within the context of global integration-local responsiveness tensions (Kostova and Roth, 2002; Harzing et al., 2002). Additionally, such IHRM typology studies, including those using multi-dimension frameworks, mostly remain on the conceptual level and only focus on the subsidiary side; there is a lack of empirical studies concerning HRM strategies and practices on both the corporate and subsidiary levels. Therefore, in order to identify actual modes of IHRM patterns, this research uses the localization of HRM practices and HRM autonomy between headquarters and subsidiaries as two dimensions to characterize Chinese MNCs' IHRM. This multidimensional approach also replies to the calls for a typology and taxonomy approach to explore IHRM in emerging countries, since this allows us to understand not only the IHRM variance of MNCs but also their strategic, organizational and operational behaviours within each type (Luo and Zhang, 2016).

Antecedents of HRM localization-autonomy patterns are underspecified

The second research gap focuses on the antecedents of specified localization-autonomy patterns in IHRM of Chinese MNCs. This is an important avenue of study due to the inconclusiveness of extant theories for lacking clear notion of what the key antecedents of IHRM are that actually influence MNCs' HRM practice localization and HRM autonomy. For example, many studies adopt an institutional view to discuss the global integration-local responsiveness issue of IHRM in MNCs (e.g. Doz et al., 1981; Bartlett and Ghoshal, 1989; Harzing, 2002; Thite, 2012). This institutional perspective provides a framework to explain IHRM patterns of MNCs from external and internal perspectives. Specifically, such scholars tend to explore the IHRM of MNCs from the perspective of exogenous factors, such as home-country influence including economic strength, national culture and institutions, global image (e.g. Evans et al., 2002; Edwards, 2004; Thite et al., 2012); and the host-country context including the political environment, the legal framework, the business and labour system (e.g. Welch, 1994; Thite et al., 2012; Cooke, 2012; Brewster, 2016). Endogenous factors, such as company size, ownership type, international strategy, subsidiaries' strategic role, the organizational culture, absorptive capability and entry mode, are also considered to be important in MNCs' IHRM strategies (e.g. Harzing, 2002; Thite et al., 2012; Klossek et al., 2012; Caligiuri, 2014; Ahlvika and Björkman, 2015; Brewster, 2016). These studies either paint a holistic picture of the antecedents, combining both external and internal factors in conceptual frameworks, or only focus on one factor and examine its influences on IHRM in quantitative tests. They seem to cover sufficient antecedents in IHRM, but 'too many means nothing', and so we still do not know what the main factors are that influence MNCs' IHRM patterns and strategies and how these influences work, especially after we specify IHRM localization problem into HRM practice localization and autonomy relationships. Thus, the literature lacks an in-depth empirical account of not only what actually these key factors are, but also how they influence the implementation of IHRM strategies and practices in MNCs.

Furthermore, the rise of EMNCs in international markets has led to continuing theoretical debates between the 'Ownership-Location-Internationalization' (OLI) model and latecomer perspectives to explain the behaviours of EMNCs, including IHRM. The mainstream OLI perspective emphasizes the firm-specific advantages originating from the company itself and their competitiveness relies on the exploration of these advantages (Dunning, 1988; Rugman and Verbeke, 1990; Dunning and Ludan, 2008). The level and type of such firm-specific advantages will influence their IHRM strategies and the control relationship between headquarters and subsidiaries (Bartlett and Ghoshal, 1989; Rugman and Verbeke, 1992; Harzing, 2002). In contrast, the latecomer perspective disagrees with the traditional opinion, arguing that MNCs from emerging countries do not match the superior position of Western and developed MNCs in advanced countries, rather they are disadvantaged in terms of technology and international managerial expertise (Child and Rodrigues, 2005; Matthew, 2006). Such latecomer scholars emphasize the influence of MNCs' embedded environment and their relatively insufficient capabilities, and they suggest that MNCs from emerging countries tend to use internationalization as a springboard to boost their competitive advantage in global markets (Li, 2003; Luo and Tung, 2007). In this way, these MNCs mainly adopt 'adaptive' IHRM strategies and engage in localized learning in their implementation of HRM in overseas subsidiaries, especially those located in developed countries, in order to acquire managerial assets (Yaprak and Karademir, 2011; Thite et al., 2012; Fan et al., 2013; Brenner and Ambos, 2013; Fan et al., 2016). The debate between the two perspectives has not come to any conclusion regarding the applicability of these theories. Some researchers argue that studies of EMNCs need to develop new theories, such as the 'LLL' model (Child and Rodrigues, 2005; Matthews, 2006, Luo and Tung, 2007), while other scholars argue that there is no need for new theories as firm-specific advantages can be specified with location factors in the OLI model (e.g. Rugman, 2008; Narula, 2012). Overall, this study concerning the antecedents of IHRM in Chinese MNCs makes the case for extending our understanding of influencing factors and their mechanisms in the localization-autonomy framework.

Lack of research on internationalization of Chinese MNCs

The third research gap concerns the paucity of research on the internationalization of Chinese MNCs, despite the importance of Chinese FDI globally. Existing research and theories on IHRM are mostly based on the studies of MNCs in advanced economies, such as the US, Europe and Japan, with some national influence on their international operations of IHRM, while the attention paid to the IHRM of MNCs in emerging countries such as China is still in a nascent phase (Cooke, 2012; Chang et al., 2012; Fan et al., 2013; Fan et al., 2016). China is the largest developing country in the world market. In the last decade it has witnessed rapid growth in the internationalization of Chinese MNCs in the telecommunication, financial and manufacturing sectors. However, there are limited studies on Chinese MNCs in terms of IHRM strategies and practices concerning the global integration-local responsiveness issue. We know little about the HRM strategies and practices that Chinese MNCs adopt in their overseas operations and how the embeddedness of Chinese MNCs in the parent country's cultural and business context influence their HRM implementation overseas. Typically, Chinese management culture and tradition is rooted in Confucianism and Taoism, which emphasize harmony, consensus and relational networks, and these are also reflected in the management of human resource activities (Child, 2008; Cooke, 2012; Jansson and Söderman, 2012b). While HRM in the UK is characterized as highly individualistic, influenced by the Conservative government (Guest, 2001). The contrasting institutional and cultural environments between China and UK become an interesting contextual setting for this study to explore IHRM in Chinese MNCs.

Thus, in order to respond to the aforementioned research gaps, this research tries to answer two research questions:

R1: What is the typology of IHRM strategies in Chinese MNCs?

R2: What are the key factors that influence IHRM strategies in Chinese MNCs, and how?

1.4 Research motivation and journey

The main research topic of this thesis is IHRM localization problems in MNCs' overseas operations. In addition to the specific research gaps discussed in the previous section, there are several other reasons for conducting this research. First, my educational background provided me with a primary focus on the HRM field. Since majoring in human resource management in my undergraduate and master's education, I continued my research on HRM. However, rather than being interested in regular HRM systems and particular HRM functions, I tended to view HRM as a whole strategy and to focus on the utilization of specific HRM strategies in certain organizations (such as multinational corporations). Second, theoretically, some influential and China-related studies in the IHRM field (e.g. Schuler et al., 1993; Taylor et al., 1996; Cooke, 2012; Chung, 2015; Fan et al., 2016) inspired me to focus on the localization issue in IHRM. After identifying certain research gaps in the literature, I then further refined my research questions to explore the typology and antecedents of IHRM in Chinese MNCs. Third, practically, my previous experience as an HR intern in a foreign-owned MNC in China gave me an initial impression of how IHRM works in an MNC, which motivated me to think further about how the subsidiaries of MNCs should implement HRM in foreign countries, and why. Moreover, the rapid growth in Chinese outward foreign investment and MNCs has attracted an upsurge in related research on international business and IHRM. Thus, it is an opportune moment to undertake IHRM studies on Chinese MNCs to extend the context of previous literature. Finally, this research topic is also associated with my future career plans. I intend to follow an academic career in IHRM after graduation. I hope that this study can be good and useful material for my future teaching and researching work, and also provide insights for international managers and future students.

As a researcher, I began my PhD journey in 2015. Being an independent student was a totally different experience for me. During the first year, my main task was to locate my research area and find a specific research question that was both interesting and valuable for me to work on in my doctoral studies. Meanwhile, I also did several research training modules provided by the university, such as modules related to research philosophies, research discipline, qualitative and quantitative methods, and research design. These courses provided a good foundation that helped me to design an appropriate methodology and process to undertake my research. After one year of study, I proposed a relatively broad research question and passed the upgrade panel at the end of 2016.

In the second year, I mainly focused on refining my research questions and doing fieldwork. I tried to contact a few Chinese MNCs as case-study companies by myself at first using public contacts, but did not receive any promising replies. So, I turned to other indirect forms of access, such as governmental and institutional organizations including the Chinese Economic and Commercial Counsellor's office at the Chinese embassy, the Chinese Chamber of Commerce in the UK (CCCUK) and the China-Britain Business Council (CBBC). They helped me with official and personal recommendations to contact senior managers in those case companies. With official references and after multiple attempts, I finished a first round of interviews with all the case companies at the subsidiary level by October 2017. Since both my supervisors and I agreed that I needed to collect data on the headquarters aspect as well, I then went back to China and used my personal connections to contact MNCs' headquarters located in Beijing, Nanjing and Shenzhen. All the interviews were then completed in May 2018.

Then, after several rounds of discussion about the outline and structure of the dissertation, I started writing the dissertation in March and finished the first draft at the end of September in 2018.

2. Literature Review

This chapter reviews existing research and theories that are relevant to the research questions defined in Chapter 1. It aims to construct a conceptual framework to guide the empirical study. First, traditional IHRM definitions, perspectives and models are introduced. Then, the core debate on global integration-local responsiveness is presented, followed by its influence on the typology and conceptualization of IHRM localization problems in terms of IHRM practices and the headquarter-subsidiary relationship. A specific discussion of Chinese outward investment and MNCs is then conducted to provide the contextual background to this IHRM study. Finally, institutional theory is introduced to explain the central global-local tension and antecedents in MNCs' IHRM. Resource dependence theory is mainly discussed to explain subsidiaries' strategic roles in headquarter-subsidiary relationship and HRM strategies. While 'OLI' and 'LLL' perspectives in resource-based view are discussed to explain the specific IHRM behaviours of MNCs from emerging countries.

2.1 International Human Resource Management in MNCs

The rapid growth of globalization makes it possible for companies to operate on a global scale across different countries. Overseas operations and management, including IHRM, need to deal with more complex issues resulting from geographic and cultural extension. Thus, how to manage human resources within an international scope becomes a critical problem in IHRM studies. IHRM comprises of several research streams, each with its own research focus, such as cross-culture human resource management, comparative human resource management and international human resource management. The particular IHRM in relation to MNCs' strategies leads to a more specific research focus on Strategic International Human Resource Management (SIHRM). Researchers in SIHRM have developed a number of models to explore how

MNCs organize their IHRM to respond to the central tension between global integration and local responsiveness. Following this stream, the critical global integration-local responsiveness issue, often referred as the localization problem in IHRM, is also a main research focus of this study.

2.1.1 Globalization and the need for IHRM

International human resource management is one outcome of growing globalization and the development of MNCs' internationalization activities. As information and communication technologies have brought countries increasingly closer, economic and social activities are linked together with fewer organizational and geographic boundaries. Companies today, especially those operating on the international level, need to live with a wide series of contextual factors associated with globalization, especially multinational companies that view the world as less restricted by nations and borders (Ohmae, 1990). Globalization is often understood through political, economic, sociological and cultural lenses. However, the economic process of globalization is the one most widely discussed, especially in the field of international business and management (Harris et al., 2003). For example, some economists believe 'There is no activity more intrinsically globalizing than trade, no ideology less interested in nations than capitalism, no challenges to frontiers more audacious than the market' (Barber, 1996: 23). Globalization has caused the economies of the world to become increasingly integrated. It is driven by economic forces stemming from various forms of organizations, such as multinational corporations (MNCs), international government agencies and non-governmental organizations (NGOs) (Briscoe et al., 2012). All of these organizations have to cope with additional global activities in their internationalization processes, and their functional management need to adapt to the more complex international environment, including human resource management, since humans are considered to be one of the most critical and sensitive resources in organizations' development (Edward and Rees, 2011). Thus, the management of MNCs should have a broad view of globalization, especially in IHRM, since they need to deal with people who are also influenced by globalization, which is reflected in their mindsets, attitudes and behaviours (Spar and La Mure, 2003).

In order to study IHRM in MNCs, we should understand the differences between general HRM and IHRM. Typically, general HRM refers to the activities undertaken by organizations in order to better utilize their human resources. These activities usually include HR functions, such as human resource planning, staffing (recruitment, selection, and placement), performance management, training and development, compensation (remuneration) and benefits, and industrial relations (Dowling, 2005). Historically, studies of IHRM have focused on how international organizations find and train the right human capital to implement international strategies and attain global competitiveness. Some researchers and managers even equate IHRM with expatriate management. IHRM may be simply considered as having similar main dimensions to domestic HRM. The main differences lie in the context where they operate, which for IHRM is on an international scale with more complicated strategic considerations, coordination and control demands (Harris et al., 2003). While researchers such as Dowling et al. (1999) and Sparrow et al. (2004) argue that additional HR functions should be considered on the IHRM level to satisfy organizations' need for more diversity in international units' operations, more influence of external stakeholders, higher levels of risk exposure and more considerations with regard to employees' personal lives and family status. They suggest that international HRM is much more complex than the domestic HRM since it needs to operate in different countries and deal with the relationships of different national categories of workers. There will be more HRM activities involved in the IHRM context, which may not be necessary in the domestic condition, such as international taxation, international allocation, administrative services for expatriates, host-government relations and language translation services (e.g. Dowling, 1999; Harris et al., 2003; Sparrow et al., 2004).

2.1.2 Theoretical streams informing IHRM

In order to understand more about HRM issues in the global context, researchers tend to study IHRM on different levels and in different streams of analysis. As reviewed by Harris et al. (2003), generally, the matter of IHRM is covered by various study areas, including cross-culture management, comparative human resource management and international human resource management. Researchers in the cross-culture tradition believe that every country is deeply characterized by its own unique sets of embedded values and beliefs. These deep-seated distinctions influence how their politics, economy and society operate and are also reflected in the ways that people are organized, conducted and managed at work (Hofstede, 1980; Bird and Fang, 2009). The cross-culture tradition emphasizes culture variances as an essential part of cross-border HR management (Brewster et al., 2011). For example, some functional HR practices, such as recruitment and selection procedures, pay and benefits, training and development, reward and compensation appraisals, may be affected more by local national values and attitudes in the host country (e.g. Sparrow and Hiltrop, 1997; Haley, 1999). Thus, scholars following this tradition focus more on cultural differences and their influence on HR activities.

Another tradition in HRM analysis is comparative human resource management. According to Brewster and Larsen (2000), comparative HRM tends to explore how HRM varies in different nations, in different areas within one country or in different regions of the world. Countries vary in size, language, political background, economic development and cultural expectations, and also labour market and employment conditions. It is commonly assumed that employment conditions and ways of managing human resources will differ distinctly between countries (Harris et al., 2003). So, comparative HRM emphasizes that any understanding of HRM should be dependent on appreciating the reasons for similarities and differences in HRM practices between companies in different countries and contexts (Clark and Claydon, 2014), while IHRM broadly explores how international organizations manage their workforces across varied national settings. The international context adds complexity to HRM embedded only within a national setting. International organizations need to comply not only with local legal, institutional and cultural environments when operating in another nation or region in the world, but also with strategies within organizations (Harris et al., 2003; Sparrow et al., 2004).

So, generally, IHRM considers how international organizations fulfil strategic cost-effective demands from within the organization to manage human resources in all the countries in which they operate, while ensuring their responsiveness when operating in different locations (Harris et al., 2003; Sparrow et al., 2004). Therefore, this research will mainly follow the IHRM tradition, since it implies the core theoretical objective of this study: to compare patterns of integration-localization in the IHRM of Chinese MNCs. Moreover, some scholars highlight the differences between comparative HRM and international HRM, suggesting that comparative HRM mainly concerns two types of international management research, including comparisons of HRM practices between different countries and cultures, and studies that focus on comparative management field in a single or particular country (Boxall, 1995; Sparrow et al., 2004). It mainly discusses HRM practices in different countries by analysing how firms with different national origins manage their employees in the same country or comparing HRM practices across nations or regions (Pieper, 1990), while IHRM concentrates on how different international organizations manage their employees across national borders in world markets. It emphasizes the additional complexity of managing people who are a nationally specific resource in various national contexts (Tung, 1993). Taylor et al. (1996: 960) defined IHRM, following the work of Schuler et al. (1993) and Lado and Wilson (1994), as a ‘set of distinct activities, functions, and processes that are directed at attracting, developing, and maintaining an MNC’s human resources’.

2.1.3 Relating IHRM to the strategies of MNCs – SIHRM

Since IHRM focuses on the exploration of how international organizations manage human resources across national borders, it is crucial to consider organizations' IHRM activities along with their operational settings and strategies. The growing linkage of IHRM with the management strategies and processes of international organizations, in order to emphasize coordination across assorted HRM practices, has led to the stream of Strategic International Human Resource Management (SIHRM), with a particular relationship with MNCs' strategies (Schuler and Jackson, 1987; Wright and McMahan, 1992). Multinational enterprises (MNEs) or multinational corporations (MNCs) are commonly used generic terms to describe such international organizations in most of the international business and management literature (Sundaram and Black, 1992). They are considered to be companies whose headquarters are located in one country, while operating in more than one country at a time (Rugman and Collinson, 2009; Sitkin and Bowen, 2010). Taylor et al. (1996: 961) define SIHRM as 'human resource management issues, functions, policies and practices that result from the strategic activities of multinational enterprises and that impact the international concerns and goals of those enterprises'. Previous researchers of SIHRM see it as a system and an effective way for multinational companies to manage and control their overseas units from a strategic and macro perspective (e.g. Evans and Lorange, 1989; Adler and Ghadar, 1990; Von Glinow and Nathan, 1991; Adler and Barthlomew, 1992; Schuler et al., 1993).

Scholars have built various models to relate MNCs' SIHRM systems to the stages and activities of their internationalization strategies (Adler and Ghadar, 1990; Milliman et al., 1991). For example, one of the most influential focuses in SIHRM studies is the management mindset of 'fit and flexibility'. According to Milliman et al. (1991), fit can be considered as the extent to which the needs, goals, objectives, and structures of one component are consistent with those of another component. From this perspective, it is suggested that the development of MNCs is based on the product life cycle, and it will face double pressures from external and internal cultural diversity. Thus, the core challenge for MNCs is to find the 'best fit' between companies' external and internal context, their organizational strategy and HRM policies and implementation, rather than trying to find the best international HRM system around the world (Adler and Ghadar, 1990), while the significance of flexibility is also addressed by referring to the capability of using HRM to assist MNCs to effectively adapt to dynamic demands of the external environment and internal environment within organizations (Milliman et al., 1991; Schuler et al., 1993).

More recently, SIHRM has been discussed with MNCs' internationalization strategies to operate in different areas in world markets. Schuler et al. (1993) developed an integrative framework for SIHRM which can be seen as a complementary work to that of Milliman et al. (1991). Instead of following the product life cycle aspect, they built a model mainly based on an international strategy perspective (e.g. Prahalad and Doz, 1987; Bartlett and Ghoshal, 1989; Prahalad and Hamel, 1990). According to Schuler et al. (1993), the central problem faced by SIHRM is the tension between the requirements of inter-unit (corporations with subsidiaries) linkages and the differentiation needs of each unit operating in its local context. The tension between integration and differentiation is also in line with the internal and external fit framework of Milliman et al. (1991). Additionally, Schuler et al.'s (1993) model discusses the influence of exogenous (external ambient factors, such as country or regional characteristics, and industry characteristics) and endogenous factors (organizational factors including headquarters' international orientation, international structure, competitive strategy and internationalization experiences) on the design of IHRM in MNCs. However, Schuler et al's (1993) work has been criticized for its lack of consideration of multiple constituents, such as employees, customers, investors, industry, community and society (Briscoe et al., 2009; Warner and Zhu, 2010). It was extended by Taylor et al. (1996) and Tarique and Schuler (2010). Taylor et al. (1996) address SIHRM orientation based on different international strategies, namely global and multi-domestic strategies, while exploring the determinants of MNCs' SIHRM systems on three levels, including the parent company, the affiliate and employees in the affiliate. This framework has been criticized for overemphasizing subjective factors such as top management's beliefs and perceptions, while ignoring some objective factors, such as the internationalization stage and organizational structure (Shen, 2003; Shen et al., 2005).

All of these models and frameworks have contributed to our understanding of human resource management on the level of MNCs along with the linkages between IHRM activities and organizational strategies. They also paint a basic picture of this research. Specifically, such studies point out that the critical issue for MNCs' SIHRM systems is to balance the tension between the double imperatives of global integration and local responsiveness. They emphasize the importance of dual forces, suggesting that a good balance of double needs will affect the performance implications on both the organizational and individual levels. Furthermore, such studies provided a framework to explain the factors that influence the SIHRM of MNCs, such as industry, MNCs' international experience, organizational culture, MNCs' international orientation, and the local cultural and legal context in the host country (Adler and Ghadar, 1990; Milliman et al., 1991; Kobrin, 1992; Schuler et al., 1993; Taylor et al., 1996). Such discussions have a critical influence on the basic theoretical and conceptual framework of localization problem in IHRM, which will be introduced in later sections, 2.2 and 2.3.

Table 1 Overview of previous SIHRM models

Key theme	Theoretical underpinning	Representative scholars
Management mindset of 'fit and flexibility'	Explaining from the contingency perspective and life-cycle theory; Arguing that there exists a 'best fit and flexibility' to deal with the relationship between MNCs' strategy, their internal and external context, and HRM issues.	Milliman et al. (1991); Miles and Snow (1984); Schuler and Jackson (1987); Lengnick-Hall and Lengnick-Hall (1988); Mesch and Perry (1995)
Relating MNCs' international business activities to their IHRM implementation	Using a resource-based view and resource-dependence theory to develop an IHRM model of the determinants of SIHRM systems; Arguing that the determinants of SHIRM can be analysed on three levels, including the parent company, the affiliate, and the workforce in the affiliate.	Schuler et al. (1993); Taylor et al. (1996); De Cieri and Dowling (1997); Tarque and Schuler (2010)

2.2 Global integration-local responsiveness framework

The framework of global integration and local responsiveness was initially developed in the international business domain and then widely used in the IHRM field. The classic debate between global integration and local responsiveness was first introduced in the study of Lawrence and Lorsch (1969), who argue that the tension of integration-differentiation is the central problem in international management (Venaik et al., 2004; Rosenzweig, 2006). According to Lawrence and Lorsch (1969), in order to achieve international efficiency, it is necessary for big organizations to divide groups of different activities into certain units to focus on a specialized area for differentiation. Since separate actors with their own and independent goals can potentially impede the effectiveness of the whole organization, it is necessary to utilize some integration mechanisms to control and coordinate differentiated units. Therefore, how to control and integrate each unit while remaining a certain flexibility to respond to specific context becomes a key challenge for managers in big organizations (Lawrence and Lorsch, 1969; Cray, 1984; Martinez and Jarillo, 1989).

More importantly, the global integration-local responsiveness framework is widely applied in IHRM typology studies. Scholars have developed several IHRM typology models to identify IHRM patterns based on the framework (e.g. Permutter, 1969; Bartlett and Ghoshal, 1989; Taylor et al., 1996). However, there are still arguments on the conceptualization of the IHRM localization problem. Previous IHRM typology studies have mainly focused on a single dimension of HRM practices, while recent researchers call for more specific IHRM typologies with multiple dimensions to characterize IHRM patterns, such as control and coordination relationships between headquarters and subsidiaries.

2.2.1 Traditional debates informing the global integration-local responsiveness framework in IHRM

The central problem of global integration-local responsiveness is deeply embedded in two influential debates in international business and IHRM studies: the universalist vs contextual paradigm and the convergence vs divergence paradigm. Specifically, the global integration tendency reflects the universalists and the convergence perspective on the organizational level. This tendency indicates that subsidiaries tend to converge with headquarters on HRM strategies and practices since there is assumed to be a 'best practice' approach at a specific point of time for organizations (Brewster et al., 1992). Meanwhile the tendency of localization reflects the contextual and divergence perspective, which emphasizes the influence of the local context and situation, and companies' adaptation to diverse environments (Brewster, 1999). However, the tension between integration and localization and the controversy arguments may not necessarily be incompatible. Therefore, the IHRM strategies of MNCs can be considered as strategic choices concerning the internal and external environment.

Universalist versus contextual paradigm

The universalist assumption was first developed in America and has been widely embraced in many other countries. Strategic human resource management (SHRM), which is an approach developed to improve the effectiveness and efficiency of HRM within organizations, is primarily based on this perspective (Tichy et al., 1982; Ulrich, 1987; Wright and Snell, 1991; Wright and McMahan, 1992; Fombrun et al., 1999). According to the SHRM approach, the purpose of implementing HRM is to improve the organization's performance while serving its declared corporate strategy, the customer and all other shareholders; it tends to be commonly applied to all organizations and cases (Tichy et al., 1992; Huselid, 1995; Ulrich; Huselid, 1995; Becker and Gerhart, 1996; Becker et al., 1997). This approach has been favoured by scholars on account of its ability to test generalizations of characteristics and relationships and it is suitable for studies with a simple focus and clear relationships. However, it has also been criticized for its disadvantage as regards the realization of other potential foci, the inevitable narrowness of research aims, and the lack of consideration of the influence of outcomes of SHRM on other stakeholders and on other levels (Guest, 1990; Poole, 1990; Pieper, 1990; Legge, 1995; Kochan, 1998).

Another approach that seems to stem from this universalist paradigm is the 'best practice' approach, which refers to the particular strategies and practices of American MNCs. As Sparrow et al. (2004) explain, this approach became very popular for a certain period of time because of its wide adoption and approval, influencing US economic and academic systems, publishing and consulting firms. Certain researchers favour this approach since the research process for such studies is relatively systematic and straightforward with tightly designed research questions linked to proof and disproof, and a structure of mechanisms that is used to test and predict, which is considered to be a 'rigorous' methodology. This kind of research mainly focuses on several private-sector leading models of 'best practice', which are often big MNCs in manufacturing and high-tech industries.

In contrast, the contextual paradigm concerns understanding particular and unique contexts, and the reasons for this uniqueness. In the HRM field, it focuses on differences in HRM in various contexts and the factors influencing these differences (Sparrow et al., 2004). Unlike the universalist perspective, exploring explanations is the most important concern in HRM in companies where performance ranks second. The contextual paradigm disagrees with the universalist perspective, suggesting that the strategic objectives and policies set by the senior management team are not always the 'best' approach, especially in different situations and contexts, and there may not be a common objective or interest that everyone in the company will subscribe to (Barbash, 1987; Keenoy, 1990; Storey, 1992; Purcell and Ahlstrand, 1994; Kochan et al., 1994; Turner and Morley, 1995; Koch and McGrath, 1996). The contextual paradigm concerns how the activities of company management and the external environment are related, such as national institutions, culture, the labour market, industrial relations, legal and governmental systems. The research focus includes these external factors themselves, not just their influence on HRM policies. Researchers who believe in the contextual paradigm prefer to use inductive methodologies and focus more on the collection of evidence, rather than testing and predictions (Sparrow et al., 2004).

Convergence versus divergence paradigms

Another similar debate concerns the global convergence versus divergence perspectives. The convergence perspective argues that the management of companies can only be explained by technology and economic efficiency, regardless of the socio-political context (Kerr, 1983). The global convergence approach can be linked to four main arguments that emphasize the importance of market power, transaction-cost economics, like-minded international managers, and quality and productivity pressures (Sparrow et al., 2004). According to Sparrow et al. (2004), first, deregulation and less control from government, first seen in the American economy, has been a trend in many parts of the world. According to market regulation, only those companies with higher productivity and lower costs can be successful in a competitive market, while other firms will be motivated to learn from those 'market leaders' in order to survive. Since America remains the global leader in international markets today, American management strategies, practices and style are considered to be the current 'best practice' to learn from and be followed by companies in other countries in order to emulate and keep a competitive position in global markets (e.g. Brewster et al., 1992). It is even considered that management in other nations comprises derivatives of the American model (Locke et al., 1995). Second, as argued by Williamson (1985), there is always a 'best' or superior way to manage labour resources for cost-effective and performance consideration at any point in time. Thus, companies tend to adopt 'best' solutions to manage their human resources within their industries and sectors, and their survival in the long run depends on their ability to implement best strategies and practices (Chandler, 1977; Chandler and Daems, 1980). Under a tendency to adopt best solutions, firms will converge in the aspects of organizational structures and HRM practices. The third argument concerns the characteristics of international cadres. Even though all managers have their own personalities and management style, there is a convergent trend in their educational background. The globalization practices of international managers are largely influenced by Anglo-Saxon business schools, mainly in the US and the UK. Such universities are increasingly attracting students from around the world, followed by more global graduates and a future generation of world leaders who are shaped by similar management thoughts. Not only Western universities but also good universities in other parts of the world are increasingly using textbooks, classes or even teachers influenced by the American education system. The similarity in education and training of international managers may result in the convergence of their practical management mindset and IHRM implementation in MNCs, which plays a subtle role in supporting the convergence perspective (Sparrow et al., 2004). The fourth argument refers to the balancing of costs and quality under productivity pressures. Globalization has motivated the convergence of international quality standards across nations. The differences lie in the costs involved for companies to meet international standards where labour costs are critical. Labour costs used to vary considerably between countries, especially between developed and developing countries. However, variations in labour costs have been much narrowed by the relocation of human resources, production facilities and foreign investment (Sparrow et al., 2004).

Furthermore, some scholars argue that convergence does not necessarily only refer to global convergence at the international level but also includes regional convergence. The regional convergence approach is mainly based on the institutional perspective that emphasizes organizational and management differences because of different external institutional settings (Kogut, 1991; Kostova1999). The increasing tendency towards regional political, economic and cultural integration driven by globalization, such as within the European Union, has led to distinct patterns of practices in certain regions. For example, Brewster (1995a) found that the universal American model of HRM is not suitable for organizations in Europe due to its different institutional environment but instead found a convergent European model of HRM. According to the convergence perspective, it is not denied that organizational management varies a lot both at the firm level and at the national level across the globe. It mainly focuses on long-term tendencies and believes that there will be an apparent common management system showing a convergent trend (Sparrow et al., 2004).

In contrast, the divergence perspective argues that organizational HRM is not primarily dependent on the economic and technological efficiency, but relies considerably on the national environment, which is relatively constant and does not react quickly to developments and changes in markets (DiMaggion and Powell, 1983; Sparrow et al., 2004). The divergence trend of organizational activities can be explained by cultural and institutional factors. Cultural differences which have a direct and particular influence on people remain stable and differ between countries and regions. And as the institutional perspective suggests, organizational behaviours and decisions are constrained by the institutional environment and settings, such as the influences of government, regulatory structures, interest groups, public policies and norms (Oliver, 1991; Hollingworth and Boyer, 1997; Sparrow et al., 2004). It is believed from a divergence perspective that the institutional environment at national and regional levels changes slowly as it rests on a shared and deep-seated value systems and beliefs, which is also influenced by the redistribution of power in major international events. And the changes that happen can also be understood and explained in a particular social context (Maurice et al., 1986; Poole, 1986). The activities and behaviours of organizations can, then, be considered to reflect the social outcomes of national culture and the distinct characteristics of local rationality.

These arguments over controversial perspectives underpin the theoretical foundations of the tension between global integration and local responsiveness. However, these perspectives focus more on macro-level discussions of whether there exists a universal IHRM approach suitable for all MNCs and across all units within MNCs, or if MNCs should mainly respond to the local context and adopt diverse IHRM approaches according to specific environments. In this study, it intends to explore how MNCs from certain emerging countries react to the tension between global integration and local responsiveness and why they have different reactions and adopt different IHRM strategies on a more micro-organizational level. As discussed earlier, these perspectives are not necessarily incompatible with each other. Thus, a general contextual and divergence perspective will be adopted, since various IHRM strategies are assumed to exist across MNCs, while a universal and convergence perspective will be referred when explaining the convergent tendency of HRM practices between headquarters and subsidiaries at the organizational level.

2.2.2 Global integration-local responsiveness framework in IHRM typology models

Influenced by these traditional debates, the integration-responsiveness framework was firstly applied to the context of MNC by Doz et al. (1981), arguing that MNCs are collective entities of subsidiaries located in different countries, they need to be differentiated to deal with local environments in order to compete with local rivals while coordinating their dispersed foreign subsidiaries to exploit efficiency. As suggested by Prahalad and Doz (1987), global integration refers to the strategic coordination and operational integration at the international level. Local responsiveness, on the contrary, refers to MNCs' adaptation to the local context and local needs of customers, supplier networks, competitors and governmental regulations. Later, the concept of the global integration-local responsiveness framework was extended to different levels, such as industry, function and task (Rosenzweig, 2006). More specifically, the concept and dimensions of the global integration-local responsiveness framework, as reviewed by Venaik et al. (2004) and Chung (2015), can be categorized in two ways: environmental pressure (e.g. Roth and Morrison, 1990; Ghoshal and Norhria, 1993; Johnson, 1995) and managerial responses (e.g. Jarillo and Martinez, 1990; Korbin, 1991; Johansson and Yip, 1994; Harzing, 2000; Luo, 2002).

As discussed above, it is widely recognized that the key issue of IHRM functions in MNCs is to manage the tension between the conflicting needs of: global integration (coordination/ standardization) and local responsiveness (differentiation/ localization) (Evans et al., 2002; Edwards and Kuruvilla, 2005; Rosenzweig, 2006; Brewster et al., 2008). A great deal of research has focused on this framework in order to examine its reflections in IHRM strategies and practices (e.g. Doz and Prahalad, 1991; Rosenzweig and Nohria, 1994; Evans et al.; 2002; Edwards and Kuruvilla; 2005; Rosenzweig, 2006; Bjorkman and Lervik, 2007; Farndale and Paauwe, 2007 Brewster et al., 2008; Chung et al., 2012). These studies are either conceptual models or empirical research that has tried to explore patterns within various IHRM strategies and practices of MNCs and to explain the reasons for these variances. Among these studies, there are two influential models of IHRM typologies that underpin the fundamental implications of the discussion. Table 2 briefly summarizes the reflections on and information in these typology studies. These typologies will be explained in detail later.

Table 2 Overview of IHRM typologies in MNCs

IHRM Models	Typology	Reflections on HRM Strategy in MNCs
ERPG Framework from Perlmutter (1969)	Ethnocentric; Polycentric; Geocentric; Regiocentric	The principles of the ERPG typology are mainly reflected in the international staffing policies of MNCs. **Ethnocentric**: home country-oriented staffing policies with a preference for parent-country nationals (PCNs) **Polycentric**: host country-oriented staffing policies with a preference for host-country nationals (HCNs) **Geocentric**: staffing on a global scale to find the best person for each position in an MNC **Regiocentric**: staffing policies and workforce transfers on a regional basis
Taylor et al,'s (1996) model	Exportive; Adaptive; Integrative	Specifically classifying the IHRM policies and practices of MNCs along with their strategic orientations **Exportive**: adoption of replicated HRM policies and practices from MNCs' parent companies by foreign subsidiaries; Emphasizing internal consistency **Adaptive**: adoption of differentiated local HRM policies and practices based on the host-country environment; Emphasizing external consistency **Integrative**: combining HRM policies and practices from headquarters and subsidiaries to create 'the best' approach for overseas operations

ERPG Framework

One of the most enduring typology models of IHRM derives from the study of Perlmutter (1969), which focuses on the variance in MNCs' overall strategies and links it to MNCs' HRM policies and practices. This model divides the global mindset of managing IHRM into three types: ethnocentric, polycentric and geocentric orientations and explains each type of mindset from home-country oriented, host-country oriented and world-oriented perspectives, respectively. Later, Heenan and Permutter (1979) added a fourth approach, regiocentrism, and built the well-known 'ERPG' framework of IHRM orientation based on previous work by Perlmutter (1969).

With regard to IHRM implications, this framework is often linked and referred to as MNCs' international staffing policies (Heena and Permutter, 1979; Dowling and Welch, 2004). Specifically, according to Heenan and Permutter (1979), ethnocentric MNCs are basically home-country oriented, where the central positions in headquarters and subsidiaries are often occupied by parent-country nationals (PCNs). Policies, practices and employees from the parent country are considered to be superior to those in host countries within ethnocentric organizations. In this way, MNCs can maintain control of their subsidiaries through expatriates assigned from headquarters to key positions, while there are few and limited opportunities for host-country employees to be promoted to important managerial positions. Ethnocentric staffing strategies are considered to be more suitable for newly established subsidiaries or new acquisitions when there is a greater need for headquarters' control of corporate policies (Dowling and Welch, 2004). Such home country-oriented strategies are thought to be able to equip subsidiaries with competitive global ability (Tung and Miller, 1990; Kedia and Mukherji, 1999). However, there are also some critiques emphasizing that the homogenous nature of policies and employees is a hindrance to developing and becoming a truly globalized company (Schuler et al., 2002; Collings and Scullion, 2006). Other disadvantages of ethnocentric orientations relate to the cost problems of expatriates, the difficulties of expatriate assignments for PCNs, and the negative effects on the careers of high-performing host-country nationals (HCNs) (e.g. Banai, 1992; Harvey et al., 2001; Schullion and Brewster, 2001).

Polycentric MNCs are mainly host country-oriented. Positions in overseas subsidiaries are primarily held by employees from the host country where they are located. These organizations are described as 'loosely connected groups with quasi-independent subsidiaries as centers' (Perlmutter, 1969: 12). This means that subsidiaries can be managed with minimal intervention from headquarters and are mainly controlled by monitoring procedures and performance. Polycentric strategies and policies are more typical for companies whose product and service markets are heterogeneous with those in the local market, so that they need to adapt to suit local tastes, or for MNCs with a low level of product integration between headquarters and their foreign subsidiaries. MNCs with polycentric strategies are considered to encounter fewer language, cultural barriers and additional costs compared with those that have more expatriates from the home country. The employment of local employees also seems to be key for legislation by the host government and local society (Boyacigiller, 2000; Selmer, 2004). However, a polycentric orientation is disadvantageous due to the difficulty in integrating between headquarters and overseas subsidiaries because of limited international staff mobility and lack of experience of local employees in working at the corporate level (Mendenhall and Stahl, 2000; Dowling and Welch, 2004).

Geocentric MNCs seem to be a combination of the previous two orientations, emphasizing finding the best person for the position without the boundary of nationality. Researchers argue that a geocentric approach tries to propose a truly globalized and more complex way of organizing and managing overseas subsidiaries. In this view, there is a greater need for cross-border communication and integration between headquarters and subsidiaries (Edstrom and Galbraith, 1977; Caligiuri and Stroth, 1995;

Evans et al., 2002). Thus geocentric policies are more suitable for MNCs that have a higher level of product integration across subsidiaries. And this approach is considered to be advanced in that it provides better career paths for employees with good performance without the restriction of country or location, while also facilitating knowledge transfer across units (Collings and Scullion, 2006). The main disadvantage of this approach relates to cost and legislative problems with the increasing mobility of staff on international assignments (Welch, 1994; Dowling and Welch, 2004).

Regiocentric MNCs are an additional type of companies which are mainly characterized on a regional basis with a staffing policy involving international transfers often restricted regionally. In this approach, there are regional headquarters that are responsible for the mediation of corporate policies and communications, while subsidiaries within the region enjoy a relatively higher level of autonomy under the control of a regional headquarter. The regiocentric approach is considered to be cost-effective in reducing the need to duplicate services and support, especially in a region where a MNC has a strong presence, although it is criticized for its limited ability to develop a more globalized strategy because of its restricted staff and knowledge transfers within a certain region (Heenan and Perlmutter, 1979; Collings and Scullion, 2006).

Taylor et al.'s (1996) typology in SIHRM

Specifically related to MNCs' international strategy, Taylor et al. (1996) developed a taxonomy of strategic approaches in their SIHRM framework, including: exportive, adaptive and integrative HRM. According to Taylor et al. (1996), the exportive approach advocates the replication of HRM policies and procedures from the MNC's parent company and their transfer to subsidiaries around the world. It emphasizes a high degree of standardization, integration and internal consistency. The exportive orientation is embedded in the previous ethnocentric approach of Heenam and

Perlmutter (1979), but including all the functions of HRM instead of just staffing policies (Dowling et al., 1994; Taylor et al., 1996; Tung, 1998; Janssens, 2001; Osland and Osland, 2005). It is criticized for being inflexible and lacking adaptation to local conditions (Janssens, 2001). The adaptive SIHRM approach is similar to the polycentric or region centric orientation in the ERPG framework. It focuses more on the differentiation of HRM and tends to design subsidiaries' HRM system in accordance with the local environment. It usually retains a high level of external consistency with the local context and a low level of internal consistency within the organization. It tends to create HRM policies that are implemented locally and prefers employing human resources who are professionals with local knowledge. However, the adaptive approach is considered disadvantageous due to its fragmentation and duplication of effort (Janssens 2001; Osland and Osland, 2005). While the integrative SIHRM approach tends to specify 'the best' way and utilize it in all overseas operations (Bartless and Ghoshal, 1989). In this way, it requires considerable global integration but with allowance for certain local adjustments. This orientation is in line with a geocentric strategy but not limited to it since it combines the characteristics of both headquarters and overseas subsidiaries in order to maintain high internal consistency and moderate external consistency. Practice transfers can occur between headquarters and subsidiaries or among subsidiaries without limits of direction (Taylor, 1996).

Most researchers in the typology stream argue that there is no one best strategy suitable for every MNC and no one type is better than another, companies can even adopt 'more than one cell of the typology' (Edward et al., 1996: 24). There are also some scholars who believe that the developments in geocentric and integrative approaches are more advanced and ideal than other types of strategies (e.g. Harzing, 2000; Harzing, 2002). However, there is no clear consensus in the debate on the existence of a truly geocentric and integrative organization, since comparisons and clarifications remain subjective in the debate and in empirical research (Kobrin, 1994; Cieri et al., 2007).

The typology approach in IHRM is important since it not only helps to understand the plurality and diversity of IHRM in EMNCs but is also powerful in illuminating organizational and strategic behaviors in each category (Luo and Zhang, 2016). Thus, following this IHRM typology tendency, this study also aims to explore the different types of IHRM strategies that Chinese MNCs adopt when operating in foreign countries. However, the previous IHRM typologies discussed in this chapter are too general to characterize individual IHRM strategies. They either focus on one particular HRM functional area (staffing policies in ERPG framework), or the transfer of HRM policies (Taylor et al.'s (1996) typology). No single dimensional typology can cover whole patterns of IHRM strategies in MNCs. This is mainly due to the ambiguous and unclear conceptualizations in IHRM localization studies. In order to provide a more comprehensive framework (localization-autonomy framework) to characterize various patterns of IHRM in Chinese MNCs, the arguments over the conceptualization of HRM practice localization and autonomy relationship as two dimensions will be discussed in later chapters.

2.2.3 Conceptualization of localization in IHRM

Based on previous models, many empirical studies explored the IHRM localization issues in MNCs, such as international HRM strategies (Hannon et al., 1995) and HRM practice orientation at the subsidiary level (Rosenzweig and Nohria, 1994). Among these studies, much research about MNCs' IHRM focuses on examining the degree of global integration and local responsiveness at the subsidiary level by comparing whether certain HRM practices resemble those of local companies or the parent company. These studies assume that similarities between parent-company practices and those of subsidiaries indicates a higher level of global integration, while similarities between subsidiaries' HRM practices and local ones is an indication of local responsiveness (localization). For example, Hannon et al. (1995: 542) examined global integration at the level of transferring HRM strategies from headquarters to subsidiaries and conceptualized local responsiveness as the level of ‘customizing HRM strategies’ to adapt to local conditions for six functional HRM practices. Three types of IHRM strategies (autonomous, receptive and active) were identified in their research, which can be explained by the dependence of resources on headquarters or the local environment. A similar conception and comparisons made by other researchers have found varying degrees of different HRM practices (Rosenzweig and Nohris, 1994; Tayeb, 1998). Some other researchers have tried to measure standardization and localization by comparing the degree of HRM similarities and differences between certain organizations, such as between subsidiaries from various home countries and local companies in a particular host country (Turner et al., 1997; Ngo et al., 1998; Tregaskis et al., 2001; Schmitt and Sadowski, 2003; Kim and Gray, 2005) by exploring the influence of country-of-origin effect on the IHRM practices of foreign subsidiaries.

Previous empirical studies have mostly compared global integration and local responsiveness with the degree of similarity of certain HRM practices to those of headquarters or local practices. The level of similarity is mainly measured through either the perceptions of participants (e.g. Rosenzweig and Nohris, 1994; Hannon et al., 1995) or statistical tests comparing HRM practices within groups (e.g. Ngo et al., 1998; Tregaskis et al., 2001; Kim and Gray; 2005). It is shown that the main source of standardization of IHRM is HRM practices from the parent company due to the acknowledged view of the effectiveness of their home practices or the administrative heritage (Taylor et al., 1996; Bartlett and Ghoshal, 1989; Bjorkman, 2006).

The constructs of global integration and local responsiveness are mostly narrowed down to the practice dimension only. The level of standardization and localization of MNCs’ HRM practices is usually characterized as a particular type or mode of integration, reflecting various strategic IHRM orientations (Dickmann and Muller-Camen. 2006; Pudelko and Harzing, 2007; Brewster et al., 2008). Since most studies of global integration and local responsiveness in IHRM are concerned with the practice level, little attention has been paid to the strategy level or more micro-levels below practice (Chung, 2015). At the organizational level, most empirical research is conducted at the level of subsidiaries with some conceptual research on IHRM strategies at the corporate level (e.g. Hannon et al., 1995; Tayor et al., 1996; Bae et al., 1998; Bjorkman et al., 2007). However, a single perspective of the subsidiary level may not fully explain and reflect the views of headquarters at the corporate level, which may be more critical to understand.

It is questioned by Chung (2015) whether the traditional way of conceptualizing global integration and local responsiveness, which simply relies on the similarities in HRM practices between parent and local practices, is a comprehensive method in the IHRM field and so Chung calls for further development in conceptualizing the integration-localization framework. For example, Evans et al. (2002) argue that if the issue of global integration and local responsiveness management is studied only along a particular dimension, such as HRM practices, then the outcome will lie on a single continuum between standardization and localization. Even at the IHRM practice level, empirical studies concerning their similarities have found that it is a common condition for MNCs to adopt a hybrid HRM system that combines both global and local practices (e.g. Hannon et al., 1995; Tayeb, 1998; Liberman and Torbiorn, 2000; Schmitt and Sadowski, 2003; Brewster et al., 2008). Therefore, it is believed that the conceptualization of the global integration and local responsiveness framework is still neither clear nor comprehensive in the research field, because of the lack of a consensus definition and specification in terms of domain and dimensions, which need to be revisited and developed further (Venaik et al., 2004; Chung, 2015).

Unlike the limited conceptualization of the global integration and local responsiveness framework in IHRM studies, its conception in international business is defined and discussed in a broader context, including various perspectives from environment, industry, business and other functions. Some researchers tend to explore IHRM issues in MNCs with broader constructs and include multiple modes, more than before (Evans et al., 2002; Smale, 2008; Dickman and Muller-Camen, 2009). In the work of Prahalad and Doz (1987), global integration is broadly referred to as the centralized management of subsidiaries' operating activities, and local responsiveness is considered to be autonomous decision-making authority acting in response to the local environment. Under the broader definition, the practice dimension itself is not able to explain the global integration and local responsiveness framework sufficiently and comprehensively, thus some researchers have tried to bring other dimensions into this framework from a control and coordination perspective. Kim et al. (2003) considered global integration to be the degree of control and coordination in particular business functions overseas and explored the differences between various modes of integration and their influence on companies' performance. According to Kim et al. (2003), control refers to the alignment of activities in subsidiaries with headquarters' expectations, and coordination is generally defined as established linkages across dispersed subsidiaries. Based on Kim et al.'s (2003) work, Smale (2008) found various modes of integration of control mechanisms. The control relationship between headquarters and subsidiaries will be specifically discussed in later chapters. It is also found that there are several patterns, negotiations and combinations of HRM transfer in the internationalization process (Edward and Rees, 2008; Edward and Tempel, 2010; Edwards et al., 2012). Similarly, Gamble (2010) argues that HRM transfer in MNCs can be more complex, and the concept of 'hybridization' should be realized with highly selective adoption, transfer and local adaptation in HRM systems. Moreover, Dickmann and Muller-Camen (2006) built a knowledge network-standardization framework to study international HRM systems in MNCs.

Based on the contributions of these researchers, besides a comparison of similarities in HRM practices, this study will include the HRM autonomy dimension in the traditional global integration-local responsiveness problem to develop a localization-autonomy IHRM framework to study IHRM strategies in Chinese MNCs. A specific IHRM dimension of autonomy (control) will be introduced as the headquarter-subsidiary relationship in the next chapter.

2.3 Headquarter-subsidiary relationship

2.3.1 Control and autonomy between headquarters and subsidiaries

Apart from HRM practice differences in the global integration-local responsiveness issue, variance in the framework is also reflected in headquarter-subsidiary relationships. Studies of headquarter-subsidiary relationships have seen generations of development and transformation. In the early years, especially during the 1960s and '70s, research on headquarter-subsidiary relationships primarily focused on issues of MNCs' organizational design, structures and systems of control over overseas subsidiaries, and global staffing and strategic operations within IHRM. Harzing (1999) describes this period as the 'global era'. Research on MNCs was largely headquarter-focused, whereas subsidiaries were considered to be less important in terms of providing strategic opportunities for MNCs or even being the cause of management challenges, because of the differences between the context of the home country and the host country (Kostova et al., 2016). The relationship between headquarters and subsidiaries can be considered mainly as the control of overseas subsidiaries to maximize their potential capability for headquarters (Picard, 1980).

With relevance to the problems of IHRM, there were three main streams of research in headquarter-oriented studies. The first stream concerned top management's international strategic mindset regarding global operations and its influence on companies' value chain, such as Perlmutter's (1969) work on a typology of strategic orientation (the foundation of the ERPG framework is introduced in the previous chapter). The second stream emphasized the strategic role of expatriates from headquarters and their significance for the success of MNC management (e.g. Heenan, 1970). There was another stream of research that focused on contextual differences between an MNC's home country and the host country, and their impact on MNCs' ability to transfer human resources and practices within the organization (e.g. Richman and Copen, 1973).

However, the headquarter-focused perspective encountered a large amount of criticism, especially in the culture-based literature from the middle of the 1980s onwards, which was characterized as the 'transnational era' (Harzing, 1999; Paterson and Brock, 2002). In that period, responsiveness to the local context became mainstream in the literature and autonomy in subsidiaries was seen as being important, as the size of subsidiaries can make the formation of a global strategy much more complicated. The role of subsidiaries was viewed as more important and complex because of the development and evolution of the conception of an MNC. For example, Doz and Prahalad (1984: 59) explored the complexities of managing the conflicting needs of global integration and local responsiveness, concerning the control and coordination relationship between headquarter and subsidiaries. They argued that 'the decision premises, process and outcomes' efforts between headquarter and subsidiaries are more important than formal control from headquarter to direct subsidiaries' activities. Hedlund (1986) then introduced the term 'heterarchy' to characterize the future of MNCs, instead of the previous 'hierarchy'. He viewed MNCs as companies that actively seek advantages originating from the process of internationalization which can be described as centres with different attributes, loosely connected units and normative control systems. This is also consistent with Ghoshal and Bartlett's (1990) definition of MNCs as an internally differentiated network of exchange relationships between headquarters and semi-autonomous subsidiaries. These efforts to conceptualize MNCs have advanced the traditional perspective of subsidiaries' role as simply geographically dispersed units of a company to a more comprehensive view of subsidiaries as differentiated units with specific strategic goals and external stakeholder networks (Birkinshaw and Riddertrale, 1999; Araujo and Rezende, 2003; Kostova et al., 2016). Along with this trend, HQ-centered research has shifted to more subsidiary concerns, focusing more on the importance of subsidiaries' role and interactions between headquarters and subsidiaries. The headquarter-subsidiary relationship also shifted from merely control and restrictions to more autonomy and flexible cultural controls (Prahalad and Doz, 1981; Kim and Mauborgne, 1993; Herbert, 1999; O'Donnell, 2000).

In respond to the global integration and local responsiveness framework in IHRM, the relationship between headquarters and subsidiaries has also been characterized by a similar tension between subsidiaries' autonomy and control from headquarters (Asakawa, 2001, Kostova and Roth, 2002). An MNC's headquarter tends to sustain centralized control over the dispersed activities of subsidiaries as part of its corporate strategy. However, it is impossible for headquarters to make all the decisions for subsidiaries because of the lack of local knowledge and efficiency (Harzing, 2002; Luo, 2002). Thus, autonomy and decentralized decision-making processes are necessary for subsidiaries, since they are much more likely to be familiar with local conditions and information so as to be able to respond to the needs of local markets and the local environment (Nohria and Ghoshal, 1994; O'Donnell, 2000). Thus, a critical issue in the headquarter-subsidiary relationship is how headquarters can grant autonomy to subsidiaries and maintain control at the same time (Bjorkman, 1994; Luo, 2003; Noorderhaven and Harzing, 2009).

The autonomy of subsidiary refers to the extent to which control is imposed by headquarters and the level of decision-making process that is allowed at the subsidiary level (Ferner et al., 2004; Johnston and Menguc, 2007; Fan et al., 2016). It is considered to be 'both input and outcome of the process that influence the headquarter-subsidiary relationship' in international business research (Johnston and Menguc, 2007: 788).

Thus, autonomy cannot be simply viewed as the opposite of control; instead, it is more likely to be a means of control, since as long as interactions between headquarters and subsidiaries exist, there will be a certain degree of control in aspects of law, finance and operations (Johnston and Menguc, 2007; Fan et al., 2016).

Strict control from headquarters makes it harder for local managers to respond to dynamic of local conditions, which will hinder operational flexibility, discourage organizational knowledge transfer and learning, limit experience accumulation and restrict long-term development and evolution in subsidiaries (Kogut, 1984; Birkinshaw et al., 1998; Paterson and Brock, 2002; Chang et al., 2012; Wang et al., 2014; Fan et al., 2016). While on the contrary, providing autonomy to subsidiaries gives them opportunities to differentiate themselves and build local legitimacy in host countries (Luo, 2003; Wang et al., 2014). According to Ghoshal and Bartlett (1988), the autonomy of subsidiaries is found to be related to the innovation-diffusing abilities of MNCs through networks. It is also found that autonomy is critical for knowledge building and capability formation (Rugman and Bennett, 1982; White and Poynter, 1984; D'Cruz, 1986).

Some researchers use the levels of subsidiaries' autonomy to characterize varying typologies of subsidiaries concerning the interactions between headquarters and subsidiaries (Jarillo and Martinez, 1990; Taggart, 1997). More subsidiary-centred studies have explored how autonomy and interactions between units improve subsidiaries' influence, promote their strategic roles within MNCs and facilitate international mandates formation (e.g. Forsgren and Pahlberg., 1992; Birkinshaw and Morrison, 1995). The importance of autonomy is recognized for its impact on embeddedness, performance and R&D (research and development) (Hood and Taggart, 1999; Taggart, 1999). Generally, subsidiaries' autonomy is beneficial to improving local responsiveness which is suggested as a desirable condition for subsidiaries' development (Gupta and Govindarajan, 1991; Birkinshaw and Morrison, 1995; Hood and Taggart, 1999; Johnston and Menguc, 2007). It is also argued that autonomy is beneficial for both subsidiaries and headquarters at the same time (Birkinshaw and Hood, 1997). However, as noted before, even though the strategic role and development of subsidiaries have been realized, the primary and original objective of most subsidiary and autonomy research is still control and integration in 'a more indirect manner' (Paterson and Brock, 2002: 153). The control problem in MNCs is a difficult and complex issue, since structure, process and environment can be heterogeneous and complicated across subsidiaries (Anderson and Forsgren, 1996). Power relationships within organization are also multifaceted as subsidiaries operate with varied commitments and motivating objectives (Nohria and Ghoshal, 1994; Bouquet and Birkinshaw, 2008). Building a shared vision, interests and values between headquarters and subsidiaries is believed to be an effective control method. However, common values and vision should also respect the variance across units with different roles, resources and local contexts (Volkmar, 2003).

2.3.2 Control mechanisms used in MNCs

Analysis of the headquarter-subsidiary relationship mainly concerns the level of control and autonomy and the mechanisms employed to achieve control. Specific mechanisms of control are often related to another term, coordination. Specifically, it is suggested that coordination and control are two primary processes of integration (Katz and Kahn, 1966; Cray, 1984; Baliga and Haeger, 1984). Coordination is generally considered to comprise collaborative actions used to achieve consistency within the organization (Lawrence and Lorsch, 1967). Clay (1984) explains coordination along with two dimensions, including the breadth dimension (the number of subsidiaries within a coordinated network) and the diversity dimension (the level of functional activities that are coordinated). Since interdependence within MNCs increases the reciprocal exchanges and integration of subsidiaries' functions and activities, coordination is further defined as ‘sequences of actions toward a goal with an emphasis on contingencies and interactions among actors’ in the context of MNCs (Faraj and Xiao, 2006:1157; Friesl and Silberzahn, 2017). It is suggested that the coordination of activities can promote MNCs’ competitive advantages and distinctive competencies for differentiated value creation (Kogut, 1985; Roth and Nigh, 1992). While control is a critical issue widely studied in organizational and management research. Child (1973: 117) defined it as ‘concerned with regulating the activities within an organization so that they are in accord with the expectations established in policies, plans and targets’. Lebas and Weigenstein (1986: 259) similarly defined management control as the way an organization organizes its sub-units to ensure they act in a coordinative manner with resources obtained and allocated optimally to achieve corporate goals. In the context of international business, MNCs need to exercise a certain level of control over their overseas subsidiaries to allocate their global resources and achieve the objectives of MNCs (Chang and Taylor, 1999). Thus, in the IHRM domain, control can be viewed as the process of defining and regulating the activities of subsidiaries to align with headquarters’ expectations (Belizon et al., 2015).

In order to achieve the control and integration needs of MNCs, necessary control mechanisms with coordination activities are required in the operation and management process. There are several ways to classify control mechanisms in IHRM, Table 3 gives an overview of IHRM control mechanisms that have been identified in previous studies. These classifications will be explained in detail later.

Table 3 Overview of classifications of control mechanisms in IHRM

Classification of control mechanisms	Application in IHRM domain
Input control; Behaviour control; Output control; Cultural control	This classification of control mechanisms can be applied to different stages and functions of an IHRM system. **Behaviour control**: Monitoring and controlling the overseas activities of subsidiaries and their employees by regulating the process and methods of their jobs through HRM guidelines and procedural requirements **Output control**: Controlling the activities of overseas subsidiaries and their employees by setting certain HRM performance targets (usually in HRM performance appraisals and rewards system) **Cultural control**: Controlling the activities of overseas subsidiaries and their employees by transferring headquarters' norms, values and organizational culture via HRM department through training and social activities **Input control**: Controlling the activities of overseas subsidiaries and their employees by implementing certain selection and training mechanisms
Bureaucratic control; Personal control; Socialization control	**Bureaucratic control**: refers to the adoption of certain HRM policies and regulations defined by headquarters **Personal control**: refers to the assigning of expatriates to key positions in foreign subsidiaries **Socialization control**: refers to the frequency of expatriate and information exchanges, and social activities between headquarters and subsidiaries
Centralization integration modes; People-based integration modes; Formalization-based integration modes; Information-based integration modes	**Centralization**: refers to typical centralized authorization in the HRM decision-making process **People-based**: refers to assigning expatriates, international HRM teams and committees to communicate and regulate HRM activities between headquarters and subsidiaries **Formalization-based**: refers to formal HRM procedures, policies and regulations that codify rules and manuals in detail, controlled by headquarters such as a human resource service centre (HRSSC) **Information-based**: refers to the use of an impersonal HRM communication system between headquarters and subsidiaries, such as database, e-mail and other electronic data interchanges in IHRM (e.g. human resource information system (HRIS))

Control mechanisms: Behaviour, output and cultural control

The first classification views the control process from the monitoring aspect and categorizes three control mechanisms: behaviour, output and input control (Ouchi and Maguire, 1975; Youssef, 1975; Ouchi, 1980; Prahalad and Doz, 1981; Baliga and Jaeger, 1984; Egelhoff, 1984; Eisenhardt, 1985; Mjoen and Tallman, 1997; Chang and Taylor, 1999; Groot and Merchant, 2000; Dekker, 2004). Ouchi (1977) first argued that organizations can only be monitored and evaluated according to two phenomena: behaviour and output. Behaviour control regulates subordinates' job activities and organizes the transformation process of work so that top management can direct and guide their subordinates. According to a centralized hierarchy, the process of behaviour control is generally characterized by top-down joint operating procedures (Cheng and Mckinley, 1984; Hitt et al., 1990). MNCs utilize behaviour control to influence processes and methods to achieve the desired objectives in order to ensure that subordinates follow the desired procedure, while superiors need to closely monitor and evaluate the actions of subordinates over time (Thompson, 1967; Ouchi and Maguire, 1975; Ouchi, 1977).

In the context of cross-border operations, MNCs tend to appoint expatriate managers from the home country who have sufficient knowledge and are highly committed to the headquarters' strategy and decision-making processes which are critical to managerial positions in foreign subsidiaries (Baliga and Jaeger, 1984; Chang and Taylor, 1999). According to Rosenzweig and Singh (1991), using expatriates is one of the most effective approaches to behaviour control in overseas subsidiaries, and it is also a more 'soft' way compared with rigid output control that simply relies on results, since expatriates are considered to a have better understanding of and greater commitment to headquarters' operating process, strategic priorities and objectives than managers employed in the host country (Doz and Prahalad, 1986; Kobrin, 1988). Studies have also found that expatriates can improve the communication and coordination activities between headquarters and subsidiaries (Scullion, 1994). A frequently mentioned advantage of behaviour control is that it is more direct (Snell, 1992). Based on the behaviour control approach, superiors set up protocols while subordinates need to follow certain procedures and guidelines in those protocols which can be seen as a design-implementation issue.

However, behaviour control is not always easy to implement. It is found to be the least adopted control mechanism used by MNCs because of its difficulties and disadvantages (Chang and Taylor, 1999). Thompson (1967) noted that the underlying assumption of behaviour control is in fact a 'cause-effect' relationship, believing that if subordinates take actions according to regulations, then they will achieve the expected results. Ouchi (1977) and Eisenhardt (1985) further define this relationship as a 'transformation process' and 'task programmability'. When knowledge and information needed to be transformed in the cause-effect relationship is incomplete, or managers do not fully understand the process of transformation, it will be difficult to translate their intentions into actual actions, so that managers will find it hard to standardize actions and procedures in advance and consequently cannot evaluate subordinates' behaviour based on appropriate standards (Turcott, 1974; Ouchi and Maguire, 1975; Ouchi, 1977; Argote, 1982; Cheng and Mckinley, 1983; Brass, 1985). Another disadvantage relates to the cost of personal monitoring (Eisenhardt, 1985). Sometimes, it is difficult to evaluate the cost of behaviour monitoring against the gain in control. If the cost exceeds the value of the outcome then behaviour control can be an ineffective method to sustain performance. And since behaviour control tends to regulate specific procedures of working activities, it affects subordinates' flexibility in daily operations and may result in rigid and cautious behaviour among employees (Inkson et al., 1970; Child, 1973; Hitt et al., 1990; Snell, 1992).

The second control mechanism focuses more on outputs. Unlike behaviour control which requires managers to translate intentions into standards and procedures, output control emphasizes setting targets such as financial performance for employees to achieve (Ouchi, 1977; Hill and Hoskisson, 1987). Output control is often adopted when headquarter is responsible for designing a performance evaluation system for subsidiaries without much intervention in their operational activities (Ouchi, 1977; Ouchi, 1979). Such a mechanism allows employees flexibility to determine the methods and processes to achieve the goals, which tends to be a decentralized type of control. This feature reflects the impersonal nature of output control, which means it does not need a high level of expatriate presence in subsidiaries. Harzing (1999) also found that when MNCs rely heavily on output control there will be fewer expatriates dispatched to foreign subsidiaries. One of the most important advantages of output control is that it gives employees discretion to regulate clear incentives and take responsibility for company performance and outcomes (Snell, 1992). In this way, employees are able to determine their own behaviour to take advantage of opportunities and avoid risks and threats arising in the process (Michael, 1973). Additionally, unlike behaviour control that relies heavily on managers' subjective knowledge and mindset to regulate procedures, output control prefers to use objective criteria to evaluate results and outcomes (Hoskisson and Hitt, 1988).

However, output control is a reactive and post-control type of control (Flamholtz, 1979). Its dependence on results makes it difficult and less possible to recognize and prevent mistakes before they actually happen. It is suggested that adopting output control may result in myopic behaviour because employees simply pursue specified goals and standards, while neglecting other important objectives which are not included in the evaluation system. For example, as Rappaport (1978) and Hill and Hoskisson (1987) argue, an overemphasis on short-term financial goals might discourage managers from making strategic and long-term decisions such as R&D investment because employees tend to be risk-averse and make relatively 'safe' decisions under output-driven evaluation. Comparing to behaviour control that requires managers to translate and define procedures and regulations, output control relies heavily on managers' ability to explicitly crystalize the expected performance standards used for evaluation (Thompson, 1967). Researchers have termed this requirement 'output measures' (Ouchi, 1977), 'outcome observability' (Eisenhardt, 1985) and 'crystalized output standard' (Snell, 1992), which need valid and reliable criteria to show individual performance and organizational benefits. If such criteria set up by headquarters are not crystallized but are ambiguous, output control will lose its effectiveness in evaluating and motivating employees' performance (Thompson, 1967; Snell, 1992). Similarly, according to agency theory, without close supervision during the operation process, results-based control may result in information asymmetry or even loss of control (Williamson, 1975). Therefore, in order to prevent such problems and motivate employees to perform to satisfy managers' expectations, more explicit appraisals and rewards linking evaluation with elaborated information are required (Ouchi, 1977).

Furthermore, Jaeger (1983) suggests that there is a third type of control based on the influence of culture, which is a subtle way of control (Chang et al., 2009). It emphasizes the transfer and indoctrination of headquarters' strategic values and beliefs to employees in foreign subsidiaries. According to Jaeger and Baliga (1985), cultural control depends on the internationalization and moral commitment of the cultural beliefs of the organization, such as MNCs' strategies, traditions, values and objectives. Cultural control aims to ensure that individuals in subsidiaries are culturally coherent with the norms and values of headquarters. Like behaviour control, maintaining high levels of expatriate presence in key managerial positions in subsidiaries is a common means of cultural control (Baliga and Jaeger, 1984; Chang and Taylor, 1999; Groot and Merchant, 2000; Collings et al., 2008; Chang et al., 2009). In order to transfer the vision of headquarters to overseas subsidiaries, expatriates need to engage in socialization activities with headquarters to ensure internal consistency. Thus, it depends much on managers' identification with and commitment to the organizational culture of MNCs (Ferner, 2003). This type of control is based on the argument of Child (1984: 163), that control can be achieved by 'ensuring that members of an organization accept as legitimate, and willingly comply with, managerial requirements'. Research on cultural control mainly focuses on the international exchange of personnel across units (e.g. Edstrom and Galbtaith, 1977) and the influence of informal coordination and networks, such as international management training programmes for expatriates which aim to spread the values and norms of MNCs (e.g. Harzing, 2001).

Concerning the specific context of international human resource management, Snell (1922) suggests that there is another type of control emphasizing input. Instead of relying on performance appraisals and rewards, input control refers to the use of certain selection and training mechanisms to ensure employed individuals align with companies' interests. The adoption of particular types of selection and training as control mechanisms is discussed as 'clan control' (Ouchi, 1979), 'ex ante control' (Flamholtz, 1979), 'skill standardization' (Mintzberg, 1979) and 'input control' (Jaeger and Baliga, 1985). Input control can be viewed as a bureaucratic system which is complementary to behaviour and output control since it can regulate outcome and performance through antecedent conditions, such as the professional knowledge, skills and capabilities of employees, while behaviour control regulates the procedure of transformation and output control regulates results (Snell, 1992). The most obvious advantage of input control is that it tries to avoid risks and performance problems in advance through careful selection and training before they actually occur, when they may be impossible to remedy. When the transformation process is not clear and the anticipated performance standards are ambiguous, neither behaviour control nor output control is a desirable mechanism for managers. In such cases, MNCs need to depend heavily on input selection and training as the only effective methods (Ouchi, 1977; Snell, 1992). However, the disadvantage of input control is that it can only affect the potential of performance and is not able to ensure the actual outcome.

Neither of these control mechanisms is perfect, each type of control has its own advantages and disadvantages, so it is common to observe control mechanisms used in combination in IHRM. According to Walsh and Seward (1990), ideally, control should regulate motivation as well as ability. Following this control framework, behaviour control tends to promote employees' motivation via close supervision and increase the possibility of better performance for employees by articulating operational procedures. Output control focuses on employees' motivation to perform better by providing result-related incentives with limited interference in the process, while input control improves employees' ability and possibility for better performance. There is some overlap between cultural and input control, since the selection and training sections include a socializing process to ensure the consistency of individual and corporate goals (Ouchi, 1979). Concerning the various effects of different control mechanisms, MNCs can use elements of each form of control simultaneously based on the functional area and the context (Ouchi and Maguire, 1975; Ouchi, 1979; Jaeger and Baliga, 1985; Snell, 1992; Chang et al., 2009).

Bureaucratic, personal and socialization control

Another division of control system was developed by Child (1973), arguing that MNCs can use bureaucratic or personal control mechanisms to monitor employees' behaviour and output. Bureaucratic control includes the adoption of an explicit range of codified rules and regulations along with defining desirable performance, behaviour and output (Child, 1973; Child, 1984; Harzng, 1999). Organizations exercise bureaucratic system through authority, power and control of resources (Etzioni, 1980; Schein, 1980). Such mechanisms can be implemented in several individual HRM fields. For example, in recruitment and selection, organizations tend to employ individuals who have the professional skills required by the company and who have the potential and ability to be trained to accept and commit to the organization's authority, rules and goals. The outcomes and process of individuals' performance can also be monitored through appraisals, comparing to standards already set in the rules and regulations (Barnard, 1951; Baliga and Taeger, 1984).

As mentioned in the previous part, personal control links directly to the assigning of expatriates from headquarters to key positions in overseas subsidiaries to assist with subsidiaries' operations, while socialization control is characterized by a certain level of expatriate presence in upper and middle managerial positions, and frequent information exchange between headquarters and subsidiaries and social activities (Edstrom and Galbraith, 1977; Baliga and Taeger, 1984). These two control systems are the opposite of a bureaucratic approach and are often termed as 'cultural control' when used together (Baliga and Taeger, 1984). Ferner (2003) argues that such control mechanisms should be discussed under certain type of national business systems. For example, Harzing (1999) found that French MNCs depend more on bureaucratic and formal mechanisms than British and German MNCs, which rely more on personal control. Research on the conditions in East Asia companies found more influence of national business systems and social institutions (Whitley, 1994). For instance, control systems in Chinese companies are often person-based. Control and authority are predominantly exercised by personal and close connections ('guanxi') between individuals and the organization, emphasizing long-term employment and commitment more than formal regulations and procedural requirements (Whitley, 1994; Bond, 1991; Chen et al., 2005)

Integration modes: centralization, person, formalization and information

Another classification concerns integration modes, which include both control and coordination methods. Referring to the specific domain of IHRM, the global-local duality has led to a number of modes that tend to control and coordinate HRM policies and practices across subsidiaries of MNCs (Parry et al., 2008; Edwards, et al., 2013; Smale et al., 2013). Recent studies have found that integration and localization may not necessarily be mutually exclusive and MNCs can secure a certain level of integration while being able to differentiate themselves and adapt to local environments to achieve local legitimacy by embracing certain integration modes or combinations of them (Edwards et al., 2013; Belizon et al., 2016). Control and coordination are two critical processes of global integration (Cray, 1984; Martinez and Jarillo, 1991; Kim et al., 2003). Accordingly, control is considered to comprise processes and mechanisms to define and regulate the operations of MNCs in order to ensure they align with headquarters' expectations, while coordination is the means to sustain control, which specifically refers to the establishment of connections between globally dispersed units in MNCs (Kim et al., 2003; Belizon et al., 2016). Based on previous studies of control mechanisms in the headquarter-subsidiary relationship, Kim et al. (2003) proposed a relatively new classification of MNCs' integration modes, including centralization, formalization, people-based and information-based modes.

Centralization refers to typical centralized authorization in the decision-making process. It originates from a will to control and is exercised directly under the direction of headquarters or other high levels of hierarchy, such as regional headquarters, which are considered to have a more complete and global vision of the strategic goals of MNCs (Kim et al., 2003). Typically, the centralization approach tends to position the locus of the decision-making command chain at the top levels to encourage HRM integration, and leave less scope and options for subsidiaries to adapt and translate (Scullion and Starkey, 2000; Ferner et al., 2011; Smale et al., 2013). Ferner et al. (2011) identified the centralization approach of MNCs in which HRM practices are set at headquarters and a decentralized approach where subsidiaries have full authority to determine their own HRM policies and practices. According to Ferner et al. (2011), MNCs may not need to choose the extreme approaches of centralization or decentralization; rather, MNCs can adopt an intermediate approach instead. In this way, headquarters are responsible for providing guidelines for HRM system and practices, while subsidiaries have a certain degree of autonomy for localization, with local requirements that must be applied. The level of centralization and autonomy depends on the degree of international HRM practices' integration of different MNCs' priorities at the corporate level (Child, 1972; Kim et al. 2003; Ferner et al., 2011; Smale et al., 2013; Edwards et al., 2013).

People-based integration is similar to 'personal control', which refers to control mechanisms related to the deployment of expatriates, international teams and committees to communicate and regulate activities between headquarters and subsidiaries (Belizon et al., 2016). The utilization of specific people-based integration mechanisms in the HRM domain has been explored by a number of researchers (e.g. Marginson et al., 1995; Harzing, 2001; Ferner et al., 2011; Belizon et al., 2013; Smale et al., 2013). A personal control approach is necessary when the transformation of information and regulations requires face-to-face interaction (Kim et al., 2003). Ferner et al. (2011) and Belizon et al. (2013) found that more than half of MNCs located in the UK and Spain established an HRM international committee to assist with related issues. Such IHRM committees play the role of policy-making agents for the formulation and integration of human resource policies and practices (Marginson et al., 1995; Belizon et al., 2016). They provide MNCs with a platform where the HRM team in a corporation and HR managers from overseas subsidiaries can communicate with each other to design and transfer policies across borders (Ferner et al., 2011). Expatriation is a direct way for headquarters to transfer MNCs' values and missions, and monitor subsidiaries' activities, while acting as critical node for MNCs' network of interaction (Edstrom and Galbraith, 1977; Morley and Heraty, 2004). Extant studies have paid attention to the role of internal networks and informal personal control mechanisms in facilitating IHRM integration as well as knowledge transfer (e.g. Sparow et al., 2004; Tregaskis et al., 2005; Collings et al., 2008; Evans et al., 2011).

A formalization-based integration approach generally involves formal standardized procedures, policies and regulations that codify rules and manuals in detail to apply them across countries. MNCs with a higher level of formalization control are more impersonal and bureaucratic and are more likely to follow standard procedures and bureaucracy, which may result in certain limitations on decision-making autonomy at the subsidiary level (Child, 1972; Kim et al., 2003; Harzing and Sorge, 2003). Using such formalization mechanisms, MNCs typically tend to adopt direct reporting systems to communicate HRM issues (Ferner et al., 2011; Belizon et al., 2013). Headquarters can use such reporting systems to build a constant relationship with overseas subsidiaries to ensure that HR policies are transferred, interpreted, implemented and checked. Smale et al. (2013) consider the formalization approach to be a combination of behavioural and process control over subsidiaries' activities, especially for appraisals. Similarly, such an approach is considered to include information-processing channels within MNCs, and a human resource shared service centre (HRSSC) is a typical mechanism in the formalization mode. The HRSSC is suggested as being an efficient mechanism to facilitate HRM functions in subsidiaries, since it provides HRM services to overseas subsidiaries as internal customers, which allows MNCs to take advantage of their ownership assets and economies of scale by integrating HRM systems (Wachter et al., 2006; Belizon et al., 2016).

Information-based integration emphasizes 'the international flow of information through impersonal communication systems such as database, electronic mail, internet, intranet and electronic data interchanges' (Kim et al., 2003: 330). This mechanism is found to be particularly effective to provide and communicate knowledge rapidly, which helps managers to transfer and analyze a mass of information in less time since it depends heavily on impersonal communication technologies (Kim et al., 2003; Belizon et al., 2016). Adopting a human resource information system (HRIS) for information collection and exchange across subsidiaries is found to be a very important information mechanism for HRM integration (Hannon et al., 1996; Hanies and Petit, 1997; Sparrow et al., 2004). An HRIS is generally defined to involve the utilization of technology which is designed to assist HR functions in the broader field of e-HRM (Farndale et al., 2009). Lengnick-Hall and Moritz (2003) claim that an HRIS helps MNCs to increase administrative efficiency and improve the decision-making process.

It is found to be extensively used in the collection of employee information for HRM functions, such as the pay and compensation system, performance appraisals and training and development programmes, but less likely to be used for functions of recruitment and industrial relations (Ball, 2001; Lengnick-Hall and Moritz, 2003; Strohmerier, 2007; Parry and Tyson, 2011; Belizon et al., 2016). However, Smale et al. (2013) argue that an HRIS should be classified as a formalization mechanism, since it focuses on the prescription of HRM policies and practices through an integrated technological system. This study will mainly adopt the classification of information-based mechanisms since it deals with all technology-related information interactions within MNCs' structures.

As discussed above, these are different ways to control HRM issues in the subsidiaries of MNCs. There is no best mechanism for every MNC and it is common to combine different types of control mechanisms in different HRM functions, stages and organizations. In this research, in order to compare the control relationships in different Chinese MNCs, Ouchi's (1977) model of control mechanisms will be mainly adopted, since it describes every stage of HRM implementation in subsidiaries and control mechanisms can be related to specific HRM functions and practices that can be investigated in an empirical study. Moreover, the classification of integration modes in HRM will also be referred to since it includes both the level of control in decision-making and mechanisms of control reflected in each HRM practice.

2.4 Research on MNCs from emerging countries such as China

Previous studies on IHRM have mainly discussed the context of developed and advanced countries. Historically, little attention has been paid to IHRM issues in emerging economies. However, with the rapid development of globalization and the increasing numbers and impact of MNCs from developing countries, there is an emerging trend of research exploring issues of IHRM in the context of developing countries. Among studies that have focused on MNCs from developing countries, China has attracted most attention and has become a typical example of an emerging country engaged in internationalization. China, as the biggest developing country in the world, has been becoming increasingly active in global markets in recent years. China used to be famous for the attractiveness of its low labour costs and welcoming policy as regards inward foreign investment, which won it the nickname 'world factory'. Also, previous research has predominantly focused on inward foreign direct investment (IFDI) and foreign investors operating in China (Zhu, 2005). But in recent years, what is surprisingly is the level of Chinese outward foreign direct investment (OFDI), especially after the announcement of the 'go global' policy in 2001. As the Chinese government encourages domestic companies to go abroad and internationalize, China has become one of the biggest foreign investors in world markets. The growing significance of China's role as a global investor has attracted an upsurge in business and management strategy research (e.g. Deng, 2004; Buckley et al., 2008; Cooke; 2008; Thite et al., 2012; Fan et al., 2013; Fan et al., 2016). However, research on the internationalization and IHRM of Chinese MNCs is still in a nascent phase. Previous research has mostly focused on MNCs from Western economies operating in developing countries, little research has been conducted on MNCs from emerging and transition economies operating in developed countries (Chang et al., 2009; Fan et al., 2012; Thite et al., 2011; Fan et al., 2016). In response to the emerging phenomenon of

Chinese OFDI, researchers started to explore characteristics of the internationalization of Chinese MNCs and their influences on IHRM strategies in the international business and management field. They argue that understanding the context of internationalization of Chinese MNCs can help to explain the decisions and behaviours of IHRM in Chinese MNCs (Zhang, 2003; Zhang and Edwards, 2007; Cooke, 2008; Thite et al., 2012; Fan et al., 2013; Fan et al., 2016).

According to existing research on Chinese OFDI and MNCs, compared with enterprises from developed countries, scholars have focused on the characteristics of several aspects of the internationalization process of Chinese MNCs, such as investment motivations and determinants (Zhang and Edwards, 2007; Buckley et al., 2008; Ramasamy et al., 2012), the significant role of the Chinese government and its policies (Cooke, 2008; Cooke; 2012; Luo et al., 2010) and comparative competence and disadvantages (Luo et al., 2011; Cooke, 2008).

2.4.1 Internationalization motives and determinants

MNCs' strategies and activities, including IHRM, are influenced by their investment motives, especially for those from emerging countries (Cooke, 2012). In terms of internationalization motives, they are typically classified into three types: market-seeking, asset-seeking and resource-seeking (Dunning, 1980; Berning and Holtbrugge, 2012). Seeking broader overseas markets and critical natural resources in host countries remain two important motivations for Chinese MNCs, which are also commonly observed motives of MNCs from developed countries. However, motivation studies of Chinese MNCs have shown some special characteristics which cannot be sufficiently explained by previous theories and studies, such as their specific strategic asset-seeking motives that lead to more passive and localized learning intentions in EMNCs' IHRM strategies (e.g. Cooke, 2012; Thite et al., 2012; Fan et al., 2013).

Strategic asset-seeking is a complex motive for Chinese OFDI. Strategic intent is more concerned with maximising overall performance, rather than simply securing efficiency and corporate goals (Deng, 2007; Globerman and Shapiro, 2009). Rui and Yip (2008) found that Chinese firms put more emphasis on strategic intent than strategic fit during internationalization. Chinese companies are more likely to invest abroad to explore strategic assets, such as R&D development, organizational and managerial skills, marketing expertise, brands and reputations (Hay and Milelli, 2013). The growing setup of R&D centres and laboratories in highly industrialized countries reflects the intention of knowledge-seeking, which is an important goal for both the Chinese government and companies themselves (Deng, 2007). Such distinctive intentions are more obvious in the location choices for Chinese foreign investment. For example, MNCs from emerging countries tend to invest in less developed countries with weaker legal systems in order to gain comparative advantages against those from developed countries through exploiting local resources and assets (Cuervo-Cazurra and Genc, 2008; Morck et al., 2008; Kang and Jiang, 2012), while MNCs from emerging countries are more likely to expand into developed countries for asset-seeking, knowledge-seeking and market-seeking (Makino et al., 2002; Zhao et al., 2010; Ramasamy et al., 2012). Recent research has also shown an increasing trend in investment and competition between Chinese MNCs in developed markets, which reflects an upgrade need for strategic assets (Luo and Zhang, 2016). Concerning the IHRM of Chinese MNCs and their investment motivations, a higher level of localization and adoption of local practices and management reflects a preference for strategic learning assets, especially for those investing in developed countries (Thite et al., 2012; Fan et al., 2016).

Apart from these motives for Chinese MNCs, researchers of resource-based theory emphasize that firm-specific capabilities, such as export and international experience, development stage, ownership type and risk aversion, are also important motives of Chinese outward foreign direct investment in order to achieve competitiveness in global markets (Matthew, 2006; Luo and Tung, 2007). Additionally, domestic restrictions are considered to be push factors that motivate Chinese firms to invest abroad (Yang, 2009; Luo et al., 2011). Some firms seek to escape from economic or institutional constraints in their home country, such as domestic market imperfections, local protectionism, inefficient institutional frameworks, high administrative costs and low demand capacity (Liu and Li, 2002; Luo and Tung, 2007; Bisot and Meyer, 2008; Luo et al., 2011; Deng, 2012). Such escapism from domestic markets particularly applies to private-owned companies. Compared with state-owned firms that secure certain firm-specific advantages, such as speedy governmental approval and economic support (Morck et al., 2008; Lin, 2010), private-owned companies tend to seek broader markets and to avoid limits in the home country, since they may face more severe limits and even the monopolistic presence of big state-owned companies in some industries and sectors where government is largely involved (Voss et al., 2010; Alon, 2010; Luo et al., 2010). However, even though these motivations for Chinese OFDI cannot be explained without certain considerations of political influences, the internationalization of Chinese firms is found to be mainly motivated by commercial factors (Berning and Holtbrugge, 2012).

In terms of the investment determinants of Chinese MNCs, Berning and Holtbrugge (2012) divide them into macro-level determinants and firm-level determinants. On the macro-level, scholars have identified factors such as government support and intervention (e.g. Liu and Li, 2002; Deng, 2004; Ning, 2009), the institutional environment (e.g. Child, 2009) and contextual factors. Specifically, there are certain Chinese government policies promoting the internationalization activities of Chinese firms, such as economic reform, the ‘Go Global’ policy and the ‘Belt and Road’ initiative. However, intervention from government has been continuously changing, from strict control to active support and direct funding (Buckley et al., 2007). Contextual factors often relate to the context-bound approach including political, cultural and complex aspects (Buckey et al., 2007; Quer et al., 2012; Berning and

Holtbrugge, 2012). Other firm-specific determinants, such as company capabilities, relational networks and inward internationalization experience, are also mentioned by a certain group of researchers as being able to better help understand MNCs' overseas IHRM activities in host countries (e.g. Rugman and Li, 2007; Yin and Choi, 2005; Luo and Tung, 2007; Cooke, 2012; Fan et al., 2016). In particular, Chinese firms are embedded in a network-based society and rely heavily on relational assets, which can help to explain Chinese MNCs' internationalization behaviours and their intra-regional expansion strategies (Rugman and Li, 2007). Home-country networks are also seen as critical factors that can help firms to cope with the relationship with the institutional environment in the host country (Peng et al., 2008; Luo et al., 2010; Alon, 2010). Luo and Tung (2007) highlight that the huge flow of inward FDI in China has increased Chinese companies' understanding of global markets and helped them to acquire international experience for financial and managerial operations.

Since it is suggested that studies of MNCs from emerging countries should always be discussed along with their embedded society and environment, which will have a critical influence on their activities in overseas operations (Rugman and Li, 2007), the recognition of investment motives and determinants helps to understand the IHRM policies and practices of Chinese MNCs, along with their internal and external contexts.

2.4.2 Liability of Foreignness

Another focus of IHRM studies in Chinese MNCs is the disadvantageous position of Chinese MNCs. The disadvantages of Chinese MNCs are mainly explained from the perspective of the liability of foreignness (LOF) (e.g. Child, 2010; Cooke, 2012; Thite et al., 2012). One of the key assumptions in international business argues that multinational companies face a range of disadvantages during internationalization, resulting from different languages, cultures, environments, institutional systems and regulations (Hymer, 1976; Zaheer, 1995; Cooke, 2011).

The definition of LOF has been developed by generations of scholars. The term of LOF was first coined by Stephen Hymer, who introduced an alternative way to theorise international capital movements by justifying and explaining foreign direct investment (FDI). As Hymer (1960: 34) mentions, subsidiaries operating in foreign markets face various disadvantages compared with local domestic companies, which 'have the general advantage of better information about their country: its economy, its language, its law, and its politics'. Similar to Hymer's argument, Kinleberger (1969: 12) also asserts that local domestic companies are in a more advantageous competitive position than foreign subsidiaries of MNCs, since they are closer to the 'locus of decision making and without the filter of long lines of distort communication'. This can be explained by the term 'psychic distance', which concerns differences in cultural, linguistic, institutional and industrial aspects between an MNC's home country and other economies where it operates (Johanson and Vahlne, 1977). Such differences will lead to cost problems to adapt to the local environment and control foreign operations. LOF is broadly defined as the additional costs that an MNC incurs when operating in a foreign market, which a domestic company does not have (Hymer, 1976, Kindleberger, 1969). Hymer's (1960) and Kindleberger's (1969) studies advanced the internationalization theory of MNCs and came up with basic perspectives of LOF. They focused on the economic level and suggest that the disadvantages of foreignness are primarily due to the costs of establishing and operating subsidiaries because of economic distance. Thus, based on this assumption, the liabilities faced by subsidiaries resemble the entry barriers set at national level and the key to overcoming these disadvantages is simply to rely on a one-time fixed cost for MNCs (Mezias, 2002).

However, their definition and explaining with a predominately economic focus has been criticized and challenged by other researchers for neglecting other disadvantageous aspects (e.g. Aliber, 1970; Vernon, 1977). More recently, Zaheer (1995) described such disadvantages as the 'liability of foreignness' and defined it as ‘the cost of doing business abroad that results in a competitive disadvantage for a multinational enterprise’s subunit’ (Zaheer, 1995: 342). According to Zaheer (1995), there are at least four, not necessarily independent, sources that may give rise to a liability of foreignness: (1) costs caused by spatial distance (travel, transportation and coordination costs); (2) costs associated with unfamiliarity with the local environment; (3) costs originating from disadvantages in the host country environment (discrimination against and lack of legitimacy of foreign firms, economic nationalism); (4) costs from restrictions of the home country. The types of LOF and the ways to deal with them may be different in terms of the home country, the host country, industry and firms. Under certain circumstances, such costs imposed by LOF can reduce profitability and lower competitiveness, and even the probability of survival, of foreign firms compared with local domestic companies.

Additionally, LOF is also suggested as being associated with the internationalization strategies of MNCs. Firms with different internationalization strategies will encounter different types and levels of LOF. For example, LOF tends to be more serious for horizontal MNCs, which are simple market-seeking multinational companies (Caves, 1982, Zaheer, 1995). These horizontal MNCs generally internationalize by establishing replicated subunits abroad in order to manufacture or distribute goods and services in world markets. Subunits of these MNCs mainly compete with local companies on a local-for-local level. In contrast, the LOF encountered by vertical or networked MNCs may be less compared with horizontal MNCs, since these firms mainly compete on a global basis and their subunits operate with more flexibility in host countries (Bartlett and Ghoshal, 1989). For instance, horizontal MNCs internationalize by establishing geographically dispersed subsidiaries as stages in an internationally integrated value-adding system to exploit global economies, while subsidiaries of networked MNCs are differentiated in their levels of integration and play different strategic roles in the internationalization process (Ghoshal and Nohria, 1989; Zaheer, 1995).

Generally, MNCs from emerging countries such as China are considered to encounter more LOF than advanced MNCs, especially those EMNCs operating in developed countries (Child, 2012; Deng, 2013). To be specific, Chinese MNCs grow in a centralized and authority-oriented cultural and institutional environment that emphasizes relation-based management (Tsui et al., 2004). This distinct management style and government interactions make it difficult for Chinese MNCs to implement a globalization strategy when they enter foreign markets. Apart from institutional constraints, Chinese multinationals are also considered to be disadvantaged due to their insufficient technologies and innovation, lack of managerial expertise and capability to organize global operations, capital constraints and a negative image as regards quality, ethics, intellectual property and labour standards (Nolan and Zhang, 2003; Cooke, 2008; Cooke, 2011; Luo and Zhang, 2016; Park and Roh, 2018). Meanwhile, MNCs from emerging countries are found to have certain cost, network and speed advantages. Luo et al. (2011) further identify these advantages including surviving, intelligence, networking and absorptive capabilities. Scholars argue that recognizing the particular competences and disadvantages of Chinese MNCs can provide a more comprehensive understanding of their strategies, behaviours and HR implications for host countries (Oetzel and Doh, 2009; Cooke. 2008; Cooke. 2011; Deng, 2013).

2.4.3 Overcoming liability of foreignness

Since LOF adds to the costs of the foreign operations of MNCs and plays an important role in their profitability and survival, how to use certain strategies and practices to mitigate the LOF becomes a rather important argument for both MNCs themselves and researchers in the international business and IHRM field. The basic mechanisms to deal with LOF were first proposed in the international business domain. Zaheer (1995) suggests two broad approaches that are also fundamental mechanisms to overcome LOF: enhancing MNCs' advantages and increasing local responsiveness. The first approach is to provide MNCs' foreign subsidiaries with firm-specific advantages, which refers to resources and capabilities particular to the company. This approach is in line with the 'transaction-cost economics' (Buckley and Casson, 1976; Caves, 1996) and 'eclectic paradigm' (Dunning, 1993) perspectives, which both emphasize the importance of equipping MNCs with certain firm-specific advantages in order to achieve comparative competitiveness and overcome LOF. Firm-specific advantages can include various resources, such as global-scale cost efficiencies, and other resources such as brand name and product differentiation (Porter, 1986; and Zaheer, 1995). Additionally, such competitive advantages also include certain organizational capabilities, such as the process of transferring and learning organizational practices and managerial know-how, including international HRM systems within international networks (Bartlett and Ghoshal, 1989; Kogut, 1993; Zaheer, 1995). Based on the resource-based view, researchers have specifically characterized competitive resources and capabilities, such as administrative heritage, organizational activities and bargaining power (Barney, 1991; Bartlett and Ghoshal, 1989; Collis, 1991; Tallman, 1992; Zaheer and Mosakowski, 1997; Barney, 1999; Moon and Lado, 2000; Barney, 2002). An alternative way suggested for MNCs to overcome LOF is to attend to the demands of local environments (Rosenzweig and Singh, 1991; Powell and Dimaggio, 1991). Following this assumption, institutionalists argue that the subsidiaries of MNCs tend to follow local practices because of coercive isomorphism (influenced by local legal requirements), normative isomorphism (influenced by professional requirements) or mimetic isomorphism (imitation of local exemplars) (Zaheer, 1995).

Later, similarly, Luo et al. (2002) further categorized the strategies to overcome LOF into two mechanisms, namely, a 'defensive mechanism' and an 'offensive mechanism'. This suggestion to classify defensive and offensive mechanisms is based on the strategic orientation of such mechanisms. Defensive mechanisms aim to reduce subsidiaries' dependence on the resources of the host country and minimize their interactions with the host-country environment, which are complex, uncertain or even hostile. Such mechanisms seek to mitigate MNCs' LOF by reducing firms' engagement with environmental hazards and thus lowering their vulnerability to the host-country context, while offensive mechanisms are adopted to enhance subsidiaries' ability to adapt to the host country's environmental dynamics and increase their legitimacy among stakeholders in the host country. Offensive mechanisms reduce LOF by enhancing subsidiaries' localization to make it more indigenous. The two mechanisms use different ways to deal with LOF. Defensive mechanisms seek to reduce costs arising from LOF, whereas offensive mechanisms focus on transforming foreignness to increase the returns from certain practices. MNCs can use those mechanisms and strategies that are suitable for the firm and the context of the host country, or even combine the two approaches to maximize the payoff by increasing market share while reducing potential risks. According to Luo et al. (2002), generally, defensive mechanisms include strategies such as: contract protection, parental control, parental service and output standardization, while offensive mechanisms mainly include four approaches: local networking, resource commitment, legitimacy improvement and input localization.

Both the dominant mechanisms suggested by Zaheer (1995) and Luo et al. (2002) in the international business domain provide another theoretical foundation for the tension between global integration and local responsiveness strategies in IHRM (introduced in section 2.2). The 'defensive' approach reflects globalized IHRM needs that tend to transfer HRM 'best practice' or perceived superior HRM systems and practices from headquarters across MNCs' subsidiaries, while the 'offensive' approach reflects a localized IHRM intention that requires adopting local HRM practices or modifying headquarters' practices to fit the local context and respond to the local environment. Some IHRM research uses the 'liability of foreignness' perspective as a theoretical and practical basis to explore specific IHRM strategies and activities (e.g. Cooke, 2012; Thite et al., 2012; Klossek et al., 2012; Fan et al., 2013)

In the IHRM domain, IHRM researchers have argued that the implementation of HRM is increasingly important to mitigate local constraints and assist corporations' strategies and subsidiaries' performance (Bartlett and Ghoshal, 1989; Taylor, 2007; Colakoglu et al., 2009). To be specific, the disadvantages and challenges faced by Chinese MNCs may influence their choices and capabilities to implement their internationalization strategies and IHRM activities, such as staffing policies and preferences for parent-country nationals (PCNs) and host-country nationals (HCNs). For example, the employment of PCNs and HCNs is considered to be a particular strategy to mitigate different types of LOF. When MNCs internationalize across multiple regions with intense complexity and diversity, it may be appropriate to appoint PCNs in the subsidiaries to take advantage of their strengths in liaising and communicating with the parent company and also facilitate control over foreign units (Reiche and Harzing, 2011; Qian et al., 2013; Baik and Park, 2015). While for MNCs' focusing on their operation in one particular host country, they can reduce their LOF by employing more HCNs, since they are more familiar with the socioeconomic, political and legal environment in the host country and have the ability to respond quickly to dynamic regional demands (Luo and Chen, 1997; Tsui and Farth, 1997; Rugman and Verbeke, 2004; Cooke, 2012; Baik and Park, 2015).

2.5 Theories explaining IHRM in Chinese MNCs

2.5.1 Institutional theory

The basic framework of integration-localization in IHRM can be understood from new institutional theory. Early institutional perspective was often adopted to discuss phenomena on the country and society levels and paid little attention to the context of organizations. Institutionalists began to realize the important role of the organization in a broader view of social institutions and to link this to an institutional discussion to explain organizations' structures and behaviours in the 1950s and '60s. Since then, organizational factors have been emphasized as a critical level of analysis in organizational studies from an institutional perspective. This broader perspective, developed after the 1970s, was called new institutional theory (Scott, 1995; Scott, 2011). Until the early 1990s, there were few references to institutional theory in international human resource management research. However, among influential studies of organizational theory and strategic HRM, it is suggested that 'the idea of institutionalization may help in understanding the determinants of HRM practices' (Wright and McMahan, 1992). Nowadays, institutional theory has been widely adopted in IHRM studies to explore HRM practices in the overseas subsidiaries of MNCs (e.g. Rosenzweig and Nohria, 1994; Hannon et al., 1995; Bjorkman and Lu, 2001; Fenton-O'Creevy et al., 2004) and comparative HRM practices across countries (e.g. Godderham et al., 1999).

Even though researchers may have their different individual views of institutional theory which are not homogeneous (e.g. Scott, 1987; Tolbert and Zucker, 1996; DiMaggio and Powell, 1991; Scott, 2001), most scholars share a belief in the foundation of stable social structures and related meanings, suggesting that organizations face pressure to adapt and conform to be consistent with the local institutional environment.

Organizations have to utilize structures and practices that are considered appropriate in their local context in order to secure legitimacy and recognition (Meyer and Rowan, 1977). The underpinning assumption of institutional theory is that organizations within the same environment, which are also members of the same organizational field, are influenced and characterized by the same environmental factors and are likely to become 'isomorphic' with each other (DiMaggio and Powell, 1983; Westney, 1993). DiMaggio and Powell (1983: 149) defined isomorphism as 'a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions'. Isomorphism is the central argument in new institutional theory. According to DiMaggio and Powell (1983), there are three major types of isomorphism: coercive, mimetic and normative. Coercive isomorphism refers to compulsory and mandatory forces arising from powerful constituents (e.g. laws and regulations imposed by government and institutions). Mimetic isomorphism stems from companies imitating the structures and practices of successful organizations in their local environment, especially when they are newly established or the local context is uncertain. Normative isomorphism, on the other hand, occurs when organizational patterns and norms are formulated and influenced by professional organizations, such as universities, consultancy firms and professional interest organizations. Similarly, Scott (2001) suggests that there are three 'pillars' of institutional processes: regulatory, cognitive and normative, corresponding to previous coercive, mimetic and normative isomorphism.

The central argument of new institutionalism in the IHRM domain is that an isomorphic environment and process will result in increasing homogenization of organizational structures, HRM policies and practices. In the context of MNCs, it is suggested that subsidiaries of MNCs located in foreign countries encounter pressures from local institutions to become isomorphic (Kogut, 1991; Kostova, 1999; Eden et al., 2001). Institutional research on IHRM has focused on the local factors influencing legitimacy and adopting local practices, and the difficulty of adopting certain practices because of institutional barriers (e.g. Kostova and Roth, 2002; Edwards et al., 2005). For example, local labour laws and industrial relations are suggested as typical coercive pressures that need to be complied with when operating in a foreign country (Gooderham et al., 1999; Rosenzweig, 2006). Additionally, MNCs tend to imitate what are considered to be the ‘best HRM practices’ of other companies that are viewed as successful in order to mitigate uncertainty. For instance, there is found to be a close resemblance between certain HRM practices, such as training and gender participation, between US subsidiaries of foreign MNCs and other local companies, which can be explained by mimetic pressures, since they are not required by local legislation to be so (Rosenzweig, 2006).

Even though an institutional perspective agrees that MNCs under local institutional pressures in host countries tend to localize, MNCs’ responses to local environments may differ significantly. For example, it is argued by traditional institutionalists that the survival of organizations is associated with their alignment with local institutional contexts, which is a deterministic view of organizations (Meyer and Rowan, 1977; DiMaggio and Powell, 1991; Scott, 1995; Kim and Lengnick-hall, 2012). In contrast, neo-institutionalists suggest that organizations should be viewed as having socially constructed shared understandings, which resulted from social processes whereby organizations, their sub-units and other actors actively interact. They argue that organizations are not passive rule-takers, but active actors which can take advantage of and negotiate with different institutional environments (Oliver, 1992; Kostova et al., 2008). According to Kostova et al. (2008), the influence of institutional isomorphism is limited in MNCs. They found that local pressure from the host country mainly applies in the regulatory and legal domain, but rarely comes from local similarities. In certain cases, MNCs are protected or even enjoy exemption privilege from institutional pressure (Kostova et al., 2008). Being foreign provides companies with a certain space to become different and not be restricted by local pressures, since it is taken for granted that foreigners do things in different ways (Richman and Copen, 1972). Thus, MNCs have a certain 'institutional freedom' to respond to the local environment and choose their degree of responsiveness to local institutions, within the legal requirements of host countries (Kostova et al., 2008:999). This is supported by recent research which shows that HRM in MNCs is not similar but rather distinct from that of local domestic companies in host countries (e.g. Fenton-O'Creevy et al., 2007; Brewster et al., 2008).

However, these early new institutional perspectives paid much attention to the external environment and its influence on organizational behaviour while overlooking varied institutional effects on organizations, which may lead to contradictory outcomes. The complexity of institutional factors and their various influences on organizations have been realized by certain researchers, as shown previously, without explaining the reasons for differentiated HRM outcomes within same institutional context (e.g. Meyer and Rowan, 1977; DiMaggio, 1988).

Thus, the traditional isomorphic perspective has recently been extended from a solely external institutional environment to include internal pressure from within the MNC organization, which is able to explain the differences in IHRM of MNCs located in one country. The institutional environment faced by MNCs is unique and complicated, since they have to deal with double institutional pressures from their home country and the host country. The structures and behaviours of MNCs are influenced and shaped by the institutional environment of MNCs in their home country where practices are embedded and established (Kostova, 1999). When MNCs extend their investment and operations to foreign institutional environments, they have to comply with certain practices that are perceived to be appropriate by the local population (Kim and Lengnick-Hall, 2012). Such double pressure leads to a tension between the isomorphic pull of the home country and the host country, which is considered to be a heritage MNC (Westney, 1993; Westney and Zaheer, 2001).

Similar tension is also characterized as existing between global integration (internal consistency) and local responsiveness (external adaption) in the IHRM domain (Doz et al., 1981; Bartlett and Ghoshal, 1989; Kogut, 1991; Nohria and Ghoshal, 1997). It is asserted by Westney (1993) that a MNC itself exerts a strong isomorphic pull on international operations to adopt similar organizational structures and processes across subsidiaries, while the local environments act as isomorphic push factors for subsidiaries to utilize certain routines and procedures that are typical in the host country. Therefore, on the one hand, MNCs tend to transfer organizational core competencies, such as perceived superior HRM policies and practices, across foreign subsidiaries and to maintain control to gain competitive advantage and efficiency. On the other hand, they need to adjust their HRM practices and behaviours to the local environment to gain legitimacy and overcome liability of foreignness (Rosenzweig and Singh, 1991; Zaheer, 1995; Kostova, 1999; Brewster et al., 2008). This tension between double pressures has recently been further developed and conceptualized as an 'institutional duality' (Kostova and Roth, 2002). Accordingly, subsidiaries in foreign countries which adopt institutionalized practices and patterns are more likely to gain domestic legitimacy and get access to the resources they need in the host environment (Westney, 1993). Furthermore, foreign subsidiaries need to achieve not only external legitimacy in the host country but also internal legitimacy within the MNC and to adopt practices and procedures institutionalized within the company to maintain the parent company's approval (Kostova and Zaheer, 1999; Kostova and Roth, 2002). Researchers following this institutional duality perspective argue that MNCs' subsidiaries face different and, sometimes, conflicting pressures, which pull in opposite directions (Kostova and Roth, 2002; Rosenzweig and Nohris, 1994; Tempel et al., 2006).

Chinese MNCs' subsidiaries operating in the UK also operate under such institutional duality. Their IHRM practices and behaviours are influenced by both institutionalized organizational patterns originating from their headquarters and institutional requirements in the UK. Institutional theory is applied in this research, since it provides a theoretical logic for the central research problem in IHRM global integration-local responsiveness. Moreover, it notes the implications of this IHRM typology and antecedent study to explain the IHRM patterns of Chinese MNCs from a wide range of host and home contextual factors at the macro-institutional level (e.g. national culture, economic strength, legal environment) and organizational factors at the corporate and subsidiary levels (e.g. organizational strategy, organizational culture, headquarters' diffusion capacity). However, the broad picture of factors lacks a focus of what the key reasons for MNCs' IHRM strategies are. The question remains of how and why these Chinese MNCs act differently when dealing with double pressures concerning the localization-autonomy framework.

2.5.2 Resource dependence theory

Resource dependence theory is another critical perspective for explaining IHRM practice localization and headquarter-subsidiary relationships since it is 'one of the most influential theories in organizational and strategic management studies' (Hillman et al., 2009: 1404). Resource dependence theory focuses on interorganizational interdependence to explain why organizations that are nominally independent engage in various kinds of interorganizational activities, such as board interlocks, alliances, joint ventures, insourcing and mergers and acquisitions (Pfeffer and Salancik, 1978; Drees, Heugens, 2013). According to resource dependence theory, these activities and arrangements are often influenced by the interdependencies between organizations through autonomy (authorization in decision-making without interference) (Olive, 1991a) and legitimacy (the presumption of organizational behaviour originating from conformity to legal and social guidelines) (Suchman, 1995). Specifically, it is argued that organizations may be involved in a resource dependency relationship with other actors in a given environment to provide critical resources and assets for their survival and functioning, since organizations cannot be self-sufficient and self-sustaining (Pfeffer and Salancik, 1978; Aldrich, 1979; Taylor et al., 1996; Kim, 2003).

In the context of MNCs, parent companies and their overseas subsidiaries are dependent on each other for essential resources so as to ensure MNCs' effectiveness in cross-border operations (Kim, 2003). According to Kim (2003), the dependence between MNCs and their subsidiaries is determined by several factors. The first determinant is associated with the significance of resources, which refers to the extent that MNCs require them to sustain operations and survival. It can be measured by the magnitude and criticality of exchanges within MNCs. The second determinant relates to subsidiaries' discretion in allocating and utilizing resources. Such discretionary power includes access to and allocation of resources; the ability to manage possession and allocation; and the utilization of such resources. The last determinant refers to the uniqueness of such resources. The dependency relationship between the parent company and subsidiaries is tightly bound when there are few or no alternatives to the required resources.

Resource interdependency within MNCs is critical in discussions of subsidiaries' strategic role and the headquarters-subsidiary power relationship. To ensure that resources are used to achieve organizational objectives in an appropriate and effective manner, organizational stakeholders will tend to exercise a certain level of control over the actors they have exchanges with (Anthony, 1965; Green and Welsh, 1988). In the context of MNCs, the degree of control over MNCs' subsidiaries is largely determined by the subsidiaries' strategic role, while the strategic role of subsidiaries can be explained by the extent and direction of resource flows between MNCs' headquarters and overseas subsidiaries (Gupta and Govindarajan, 1991; Randoy and Li, 1998). Among these various resources, three main intra-MNC resources, i.e. capital, products and knowledge, are considered to have a critical influence on subsidiaries' roles (Randoy and Li, 1998; Bartlett and Ghoshal, 1989; Kobrin, 1991). For example, Gupta and Govindarajan (1991) classified different subsidiaries' roles by comparing the extent and directionality of knowledge flows, which are argued to be the most important resource flows between headquarters and subsidiaries (Rosenzweig and Nohria, 1994). Four subsidiaries' roles, global innovator, integrated player, local innovator and implementer, are identified. Following Pfeffer and Salancik's (1978) and Gupta and Govindarajan (1991)'s work, Taylor et al. (1996) also argue in their SIHRM model that the strategic role of subsidiaries is one of the most important factors in the form of IHRM control over subsidiaries. All these empirical studies have reinforced the notion of various strategic roles and control system within MNCs, and they have implications for potential control mechanisms that can be used to ensure the effective execution of subsidiaries' roles (Kim, 2003).

Furthermore, complemented by institutional theory, it is suggested that resource interdependency is one of the most critical factor in shaping subsidiaries' IHRM strategies (Baliga and Jaeger, 1984; Martinez and Ricks, 1989; Hannon et al., 1995). Consistent with institutionalism, theorists have also argued that subsidiaries' IHRM strategies and the resource dependency relationships of MNCs are influenced by relational networks in their institutional environment (Meyer and Scott, 1983; Zucker, 1988; Hannon et al., 1995). For example, subsidiaries are commonly involved in a network with host country institutions, sister business units, suppliers, regulators and competitors (Wright and McMahan, 1992). All of these actors can influence subsidiaries' HRM strategies and practices. Therefore, considering the complexity of environmental networks, it is necessary to understand the resource dependency relationship of subsidiaries in relation to different resource providers, such as the parent company, local suppliers and host institutions (Hannon et al., 1995)

The parent company usually influences subsidiaries' business and IHRM strategies through possession and control of scarce and critical resources. According to the resource dependence perspective, when an overseas subsidiary is dependent on a flow of critical resources, especially from out-of-country entities (e.g. parent company or other sister subunits within the MNC), resource providers are more likely to influence subsidiaries' HRM strategies and thus take a more globalized IHRM approach (Stopford and Wells, 1972; Pfeffer and Salancik, 1978; Pfeffer and Cohen, 1984; Pfeffer and Langton, 1988). It is suggested by Schuler et al. (1993) that, since subsidiaries are becoming more geographically diverse, the parent company will devote more efforts to controlling resources and developing globalized HRM strategies in order to fulfil the greater need for international coordination. Similarly, it is found that the influence of headquarters on subsidiaries' IHRM strategies is positively related to their dependence on headquarters' resources (Martinez and Ricks, 1989). Under this condition, the hierarchical power of parent companies plays a more important role than other counteracting influences in the host countries. Thus, parent companies are able to maintain control over overseas subsidiaries through formalized control mechanisms (Prahalad and Doz, 1981; Hannon et al., 1995).

Additionally, when overseas subsidiaries become bigger and more mature, they may need to build a local base comprising manufacturing, technical and financial resources in order to upgrade their management capability and solidify their external relationship in the host country (Hannon et al., 1995). Greater interactions with local resources may even enable subsidiaries to establish independent marketing and sales of their products beyond the boundary of the host country. When overseas subsidiaries enter this stage of their life cycle, their success may hinge on how to adapt to the local environment rather than how much support is provided by the parent company (Doz and Prahalad, 1986). Under this condition, HRM strategies in subsidiaries are more likely to reflect localization and be less influenced by their headquarters. For instance, it is proposed by Schuler et al. (1993) that because of the higher dependence on local resources, local HRM strategies will reflect the imperative of subsidiaries' competitive strategies and cultural context in the host country.

Furthermore, combined with an institutional perspective, it is suggested that the competition between organizations is not only to achieve resources and customers, but also for political power, institutional legitimacy and social acceptance (DiMaggio and Powell, 1983). Subsidiaries must depend on host institutions to interact with host country governments, regulators and local communities. This alignment with local institutions is consistent with external legitimacy in institutional theory (Scott, 1987). Similarly, Schuler et al. (1993) also suggest that when the legal and sociocultural context shows greater differences between home and the host country, MNCs are more likely to allow subsidiaries to develop their own unique IHRM strategies in order to adapt to interests and diversity in the host country. It is also common to observe the influence of HRM practices from other local organizations or competitors to achieve a preferred employer status (Wright and McMahan, 1992).

2.5.3 Resource-based view

Moreover, influenced by the work of Wernerfelt (1984) and Barney (1991), resource-based view is one of the most important theories in explaining firm-level determinants in IB and IHRM literature (Peng, 2001). In relation to the IHRM patterns of Chinese MNCs, the resource-based view can be mostly discussed from the aspect of 'firm-specific advantage' perspective and 'latecomer' perspective. The mainstream perspectives in the field of international business argue that companies will only internationalize after they possess certain definable competitive advantages in order to secure sufficient returns to make up for uncertain costs and risks while operating in a foreign country (Caves, 1971; Buckley and Ghauri, 1999; Child and Rodrigues, 2005). Among these perspectives, the most classic and widely adopted theory to explain a MNC's activity and behaviour is Dunning's 'eclectic' paradigm (Dunning, 1988; Rugman and Verbeke, 1990; Dunning, 2001; Dunning and Ludan, 2008). The eclectic paradigm seeks to explain 'the extent and pattern of value added by multinational enterprises outside their national boundaries' (Dunning, 1988:21). Dunning provides an overview of three elements that influence the form and competitiveness of global operations of MNCs, namely, ownership, location and internationalization advantage.

As discussed in previous chapters, companies operating in foreign countries have to pay higher costs than domestic firms because of LOF, and they are more likely to become victims of discrimination by local communities (Hymer, 1976; Hermart, 1982; Zaheer, 1995). In order to mitigate such disadvantages and restrictions, MNCs need to equip themselves with compensation advantages. Dunning (1993) concludes that these are ‘ownership advantage’ or ‘firm-specific advantage’. Ownership advantages are firm-specific assets, including proprietary know-how and transaction advantages. Propriety assets consist of proprietary technologies, managerial and marketing skills, product differentiation, reputation and brand, and large size, which can be applied directly in a foreign country. Transaction advantages refer to the capabilities of MNCs to economize transaction costs through international control and coordination (Buckley and Casson, 1975; Casson, 1987; Dunning, 1983; Dunning and Rugman, 1985; Rugman, 1986). Location advantages refer to country-specific advantages and benefits that relate to locating foreign operations in certain countries. These advantages may be associated with market imperfections, such as institutional regulations and the opportunity to reduce transaction costs in local markets, such as natural resources, a low-cost labour force, potential markets and low investment risk, which is also a critical element for the choice of modality for servicing foreign markets (Rugman, 1990; Rugman et al., 1985; Dunning, 1988). Internationalization advantages relate to the benefits of different entry modes of international investment, which offer a framework for firms to evaluate whether investing abroad is a more profitable decision to reduce transaction costs than alternative ways, such as licensing, management contracts and technical service agreements (Buckley and Casson, 1976; Rugman, 1981; Teece, 1985; Hennart, 1982; Child and Rodrigues, 2005; Rugman and Collinson, 2009; Berning and Holtbrugge, 2012).

Based on the OLI model, Rugman and Verbeke (1992) further identify these advantages with considerations of transaction theory and the international strategies of MNCs, which are highly consistent with the IHRM global integration-local responsiveness framework within MNCs. According to Dunning (1988), the integration of IHRM, which can be considered a firm-specific advantage of MNCs, mostly originates in their home country and can be transferred to other locations where they operate. And localized IHRM factors related to country-specific advantages are mainly exogenous and should only be used in the local context. However, it is suggested that firm-specific advantages and country-specific advantages should not be discussed independently of each other. For example, certain country-related advantages may offer dynamic benefits to MNCs, which will lead to the development of certain firm-specific advantages (Porter, 1990; Rugman and Berbeke, 1992).

In this view, firm-specific advantages can be distinguished as two types: location-bound firm-specific advantages and non-location-bound firm-specific advantages. Non-location-bound advantages are those general HRM systems, policies and practices that can be exploited internationally and used in economies of scale. They can be transferred across subsidiaries of MNCs with low marginal costs and used in other overseas locations without substantial changes or adaptation. While location-bound firm specific advantages are those IHRM factors and practices that can be exploited and benefited only in particular locations. These advantages cannot be transferred to other locations easily and require great local adaptation when used in other countries. Country-specific advantages can also be considered from both the home country and the host country. It is suggested that those advantages originating in host countries are used in a 'leveraged' way, which may facilitate new firm-specific advantages (Rugman and Verbeke, 1992; Harzing, 2002). With a more specific classification of advantages, these can be linked to the IHRM strategies of MNCs to achieve the benefits of global integration and local responsiveness. It is suggested that MNCs with non-location-bound firm-specific advantages and transferrable HRM practices can overcome the restrictions and difficulties of natural and unnatural markets (e.g. uncertain local labour market) in overseas countries. The core competitiveness of these global companies hinges on the exploitation of such non-location-bound advantages. In this way, a headquarter-oriented IHRM system will be considered superior and suitable for foreign subsidiaries. MNCs using such headquarter-oriented IHRM systems will prefer stronger control and coordination across their sub-units rather than granting sufficient authority and autonomy to subsidiaries to determine their own IHRM systems. In contrast, the central competitiveness of multinational firms may rely heavily on the exploitation of location-bound firm-specific advantages and HRM factors, which are restricted in local areas. Thus, these companies need to adapt their HRM policies and practices to the local context and prefer more decentralized control and coordination networks within the organization. (Porter, 1986; Bartlett and Ghoshal, 1989; Rugman and Verbeke, 1992; Harzing, 2002).

However, OLI theory has been criticized in recent research, especially in the context of MNCs from emerging countries. The OLI model was created and developed between 1960 and 1990, and it is mostly based on large western enterprises operating in foreign countries. The main assumption of this model is that a firm's internationalization is motivated by its tendency to exploit its own firm-specific advantages. Thus, the perspective primarily focuses on how to exploit existing ownership advantages in a foreign country through whole or majority equity investment (Li, 2003; Mathew, 2006; Li, 2007), while FDI from developing countries has increased rapidly in recent years and emerging economies have become important investors in world markets and are considered as 'the new FDI powerhouses' (United Nations Conference on Trade and Development, 2011: xii). There has been an ongoing debate about whether EMNCs can apply OLI theory since they may possess different characteristics to MNCs from developed countries (Child and Rodrigues, 2005; Buckley et al., 2007; Li, 2007; Gu, 2011; Metallinou, 2013).

Some scholars have come up with the latecomer perspective to extend and enhance the OLI framework to explain the motives, behaviours and strategies of MNCs from developing countries. According to Child and Rodrigues (2005), 'late development' theory was first applied to Japan and then to other emerging economies in East Asia, such as Hong Kong, Singapore, Taiwan and South Korea. The rise of China's role in world business also seems to let it qualify to join this category as a latecomer to global markets. The latecomer perspective has challenged Dunning's OLI paradigm from several aspects. First, unlike MNCs from developed countries, latecomer enterprises do not possess sufficient domestic ownership advantages before they internationalize to foreign countries; rather, they need to adopt a 'catch-up' strategy, since they are disadvantaged in terms of technology and managerial know-how (Child and Rodrigues, 2005). Therefore, the internationalization of these firms can help them address their competitive disadvantages by 'asset-seeking' instead of 'asset-exploiting' (Li, 2003; Mathew, 2006). Second, the OLI paradigm focuses on the company as the main factor and pays less attention to its embedded society and context, which makes this perspective put more emphasis on the economic aspect, ignoring the implications of social and political views. Even though most of the economic activities of developing and transaction economies are largely market-driven, government is still actively involved in business, via either ownership or regulation (Peng, 2000). Wei (2010) also argues that ownership advantages in the OLI model should be extended to include home country-specific advantages, e.g. low-cost production, innovation and dynamic capabilities, which are specific to EMNCs. Third, the OLI model only provides an explanation of foreign investment from developed counties to other developed countries, or from developed countries to less developed countries, but it fails to explain the internationalization activities of MNCs from developing countries in developed countries such as China's increasing investment in the US and Europe (Li, 2003; Li, 2007). Fourth, the final challenge concerns the entry modes of MNCs with strategic intents. According to the OLI paradigm, MNCs from developed countries possess certain ownership advantages domestically before they make foreign investments, which most Chinese firms seem to lack, so firms from emerging countries may choose different modes to enter foreign markets. Several big companies with strong competitive advantages tend to exploit their assets by making greenfield entry, since this is the most effective way to transfer their existing advantages and practices to their foreign subsidiaries (Mathews, 2006; Berning and Holtbrugge, 2012). Other firms with relatively less competitive advantages may adopt cross-border merger-and-acquisition (M&A) activities to seek firm-specific assets and reduce competitive gaps with mature MNCs through organizational learning (Zou and Ghauri, 2010; Huang and Wang, 2011; Cardoza and Fornes, 2011; Berning and Holtbrugge, 2012; Deng, 2013).

Specifically, the tendency towards and rationality of localization in the IHRM of Chinese MNCs in developed countries can be explained by the 'springboard' perspective proposed by Luo and Tung (2007) and the 'LLL' framework developed by Matthew (2006). According to Luo and Tung (2007), unlike MNCs from developed countries, emerging MNCs are more likely to use internationalization and overseas operations as springboards to acquire foreign advanced knowledge and assets to compensate for their latecomer and competitive disadvantages. This perspective helps to explain the frequent adoption and resemblance of local HRM practices and local management expertise of Chinese MNCs located in advanced countries, especially for those MNCs entering through mergers and acquisitions (Luo and Tung, 2007; Rui and Yip, 2008; Cui et al., 2014; Fan et al., 2016). Similarly, Matthew (2006) followed a resource-based view and developed a 'linkage-leverage-learning' perspective to discuss the behaviours of emerging MNCs. First, the starting points and motivations for foreign investment by latecomer and emerging MNCs do not hinge on their existing advantages, instead they tend to seek resources and advantages that they can access in foreign countries and organizations. Internationalization provides such network opportunities for late coming MNCs to link these assets for exchanges of resources and advantages in terms of organizational upgrades and development. Second, MNCs from emerging countries need to consider the accessibility of the resources and assets they want to acquire, given their imitability, transferability and substitutability. The linkage and leverage notion is in direct opposition to OLI theory, which asserts that the motivations of MNCs to internationalize depend on the exploitation of their superior resources and firm-specific advantages across countries (Child and Rodrigues, 2005; Matthew, 2006).

Consequently, MNCs from emerging countries tend to use a learning perspective in their overseas HRM implementation, resulting from the linkage and leverage process (Matthews, 2006; Fan et al., 2013; Lyles et al., 2014; Liu et al., 2016; Fan et al., 2016). Localized HRM learning helps MNCs in foreign countries to accumulate international management experience in the local country and earn local legitimacy from the government and institutions in host countries, especially developed ones (Thite et al., 2012; Brenner and Ambos, 2013; Fan et al., 2016). Specifically, localized HRM learning is reflected in HRM implementation, such as allocating assignments to international expatriates, managing reverse HR knowledge transfer, retaining local employees with high performance in overseas subsidiaries, forming global collaborative programme teams (Zhang and Edward, 2007; Fan et al., 2016). Given the concerns with control and autonomy between headquarters and subsidiaries, it is also argued that allocating autonomy to overseas subsidiaries can be an effective mechanism to overcome EMNCs' weakness in international management experience and the disadvantages of the head office after overseas entry (Fan et al., 2013; Wang et al., 2014). Such control problems are often related to negotiations between headquarters and overseas subsidiaries about their HRM decisions and policies, such as the recruitment of subsidiaries' senior management, the roles and positions of expatriates assigned by headquarters, and other policies related to different HRM functions (Ferner et al., 2004; Thite et al., 2012; Fan et al., 2013; Fan et al., 2016).

The debates over the OLI model and the latecomer perspective have not come to a conclusion regarding their utilization in internationalization and the behaviours of

EMNCs. However, neither of these two arguments can alone provide a comprehensive understanding of the IHRM of Chinese MNCs in developed countries. The OLI model relies heavily on explanations involving superior firm-specific advantages and overlooks the potential restrictions and weaknesses of emerging MNCs, while the latecomer perspective focuses too much on the embedded environments of MNCs from emerging countries and their general characteristics, and neglects their distinctions on the organizational level, such as individual resources and capability variances. Therefore, this study will combine the two arguments in order to paint a more comprehensive picture of both elements, from Chinese MNCs themselves and their embedded society and context, to explain their IHRM strategies and practices.

Overall, extant IHRM research implies that global integration-local responsiveness is the central problem in exploring IHRM typologies and antecedents. Previous studies have provided a fundamental picture in identifying IHRM types and influencing factors. However, some critical issues remain. First, the IHRM dimensions in previous IHRM typology studies are underdeveloped (Chung, 2015). They usually focus only on the HRM practice level to characterize IHRM patterns, while neglecting other important and relevant dimensions, such as IHRM autonomy. Second, the empirical support for these IHRM typology studies has often been weak. Many of these studies are conceptual models and lack empirical accounts, especially those using multi-dimensional IHRM frameworks (e.g. Dickmann and Muller-Camen, 2006; Fan et al., 2016). Third, previous theories and IHRM antecedent studies are inconclusive. There is assumed to be a set of factors that influence MNCs' IHRM patterns in extant theories (e.g. institutional theory, resource-based theory and resource dependence theory). Yet, there is a lack of a critical in-depth understanding of what the key factors are and how they actually influence IHRM practices and autonomy relationships in MNCs. Finally, limited research has been undertaken in the context of MNCs from emerging countries, such as China, which are considered to have specific characteristics embedded in their culture, context and society. Thus, despite the critical significance of the global integration-local responsiveness issue in IHRM, related IHRM typology and antecedent studies are underdeveloped. Hence, this research intends to address this gap by adopting a localization-autonomy framework to explore the various IHRM types, key influencing factors, and their mechanisms in Chinese MNCs.

3. Methodology

This research uses a multiple case study approach as the main research method to explore the research question (Yin, 2003; Eisenhardt, 1989). The research philosophy and logic of using a multiple case study methodology and design process is introduced with the descriptions of the case companies. The data collection sources, interview process and descriptions of the informants are presented then. Finally, the process of within case and cross-case analysis is briefly described.

3.1 Research philosophy

A philosophical paradigm refers to the world view that can guide the research design and process (Guba and Lincoln, 1994). Social scientists are typically considered to view the world through different lens compared to natural scientists. Even within one field such as international business and management, there has been a continuing debate regarding research philosophy. According to Gioia and Pitre (1990), these arguments are characterized by different commitments of ontology and epistemology. Concerning the nature of social reality, ontological assumptions are normally divided into objectivism and subjectivism. Epistemology, on the other hand, concerns what constitutes acceptable and appropriate knowledge for a field of research. Positivism and interpretivism are two opposing epistemological orientations. Having different philosophical commitments as regards ontology and epistemology, social scientists are characterized by positivists and social constructivists in general.

Considering the nature of this research question, I will commit to a positivist position to conduct the research. Unlike social constructivists who view social phenomena or the reality as subjective, dependent on people's interpretations and socially constructed by related social actors, this research mainly concentrates on external factual phenomenon and try to use definite laws to explain relationships. Remenyi (1998: 32) defined this philosophical orientation as 'working with an observable social reality and that [the] end product of such research can be law-like generalizations similar to those produced by physical and natural scientists'. In this research, the global integration-local responsiveness problem of IHRM in Chinese MNCs does not start with clear existing theories. The research question concerning various IHRM types and antecedents in Chinese MNCs starts with the rapid development of Chinese MNCs and a set of simple questions based on fieldwork on IHRM. The study focuses on the IHRM strategies of Chinese MNCs and seeks to explore the influencing factors and mechanisms of these strategies. Consistent with positivists, I view these factors and specific IHRM strategies as facts that already exist. They are objective and external to people's personal impressions and interpretations, even though the IHRM strategy is a complex social phenomenon that is influenced by various stakeholders and environmental conditions. These influences exist before the 'fact' being studied and are governed by laws of 'cause-effect' under a relative stable situation (Crotty, 1998; Neuman, 2003; Marczyk et al., 2005). It is indeed important for the researcher to collect rich and reliable knowledge based on direct observation through empirical means (Lincoln and Guba, 2000; Neuman, 2003). Thus, this study intends to use an inductive approach and collect 'factual' data in order to develop formal propositions and causal relationships from case evidence where there are limited theoretical and empirical IHRM studies in the context of EMNCs (Eisenhardt, 1989; Langley and Abdallah, 2011).

3.2 Research design — Multiple case study

To answer the research question on MNCs' IHRM typology and antecedents, this study adopts a multiple case approach to conduct the investigation. One of the most important terms for a case study is 'context' (Yin, 1994). In line with other researchers in IHRM (e.g. Kim et al., 2010; Fan et al., 2013), I consider the IHRM strategy of Chinese MNCs to be highly contextualized. This context-specific study needs rich and in-depth information on various aspects of the phenomenon, and this kind of data can be collected via a qualitative case study (Yin, 2003). Apart from the nature of the research question, there is another practical reason why it is appropriate to adopt a qualitative method. The study of Chinese MNCs is a relatively new research area, there are still ongoing debates on relative theories, which makes it difficult to formulate theoretical hypotheses for examination. It is reasonable to adopt qualitative in-depth research in order to obtain more comprehensive data, enrich the existing literature and build new theories.

This study mainly follows the work of Yin (2003) and Eisenhardt (1989) in using a multiple case study approach. The objective of using a multiple case design is to identify common IHRM constructs and features of MNCs that can be used to describe and compare across all cases and relate these IHRM types to certain key organizational antecedents. Moreover, according to Eisenhardt (1989) and Yin (2003), a multiple case study approach is able to support analytical generalizations. A larger number of cases allows the researcher to increase the robustness of the results by replication across cases. According to Eisenhardt's argument, the number of cases included in a theory-building case study should be between four and ten. Fewer than four cases will make the results less convincing for theory building. On the other hand, more than ten cases will weaken the study's ability to understand in-depth information and the complex context of the research (Eisenhardt, 1989).

In terms of case selection, this research seeks to explore IHRM typology in Chinese MNCs by comparing the dimensions of HRM practice localization and HRM autonomy based on the initial conceptual framework of Fan et al (2016). According to Fan et al (2016), there assumed to be two levels in each dimension which formulate four IHRM types. Thus, based on this assumption, I intend to focus on case companies with comparable variations in each dimension (e.g. companies with high HRM practice localization, companies with low HRM practice localization, companies with high HRM autonomy and companies with low HRM autonomy). This polar sampling is an effective sampling approach, particularly in typology and antecedent studies, since it is able to make emerging theoretical constructs and relationships more ‘transparently observable’ (Pettigrew, 1990; Eisenhardt and Graeber, 2007; Martin and Eisenhardt, 2010). Following relevant literature (e.g. Schmitt and Sadowski, 2003; Ferner et al., 2004; Chang et al., 2009), I identified the level of HRM practice localization and autonomy in MNCs through primary interviews with relative officials, consultants and general managers in each targeted company. First, I gathered information from officials and consultants in relative institutions and organizations in order to target potential case subsidiaries with distinct features of HRM practice localization and HRM autonomy. Second, I interviewed the general managers in subsidiaries and asked them to describe the similarities and differences between headquarters’ and subsidiaries’ HRM practices, subsidiaries’ autonomy in the HRM decision-making process and the control mechanisms used in subsidiaries’ HRM implementation. This line of questioning enabled me to first locate four comparable cases that fit the IHRM localization-autonomy framework. Then, using ‘snowball’ sampling (Patten, 2002), I located five further case subsidiaries with different firm size, ownership and industry to allow greater variation in terms of HRM practice localization and autonomy across cases, and potentially other relevant categories, themes and concepts.

Additionally, another major advantage of this case selection is that it focuses on the IHRM patterns of MNCs that have key antecedents of HRM practice localization and autonomy. First, this study focuses on such MNCs that have already entered the UK market for a certain period and have built a market presence in the UK, thus they are likely to have antecedent characteristics related to HRM autonomy and HRM practice localization (e.g. long-term development objectives and strategy vis-à-vis their internationalization activities). The case design allows the study to focus on IHRM-related strategic factors without worrying if there will be a 'hit-and-run' mentality, which may result in analysis bias (Klossek et al., 2012). Second, the relatively larger size of MNCs' subsidiaries makes it possible to implement systematic HRM so that this research can focus on a comparison of the totality of HRM functional practices and control mechanisms, since the size of overseas operations and companies is a critical determinant of IHRM implementation and subsidiaries' autonomy relationships (Dowling et al., 1994; Taylor et al., 1996; Stroppa and Spieß, 2010). Furthermore, the case companies vary in terms of industry sector, firm age and state ownership type, which can improve the generalizability and robustness of the findings (Eisenhardt and Graebner, 2007).

Thus, following the principle of theoretical sampling, seven large listed Chinese MNCs (including two MNCs that each has two subsidiaries with different entry modes, e.g. FinCo1 and FinCo2; RadCo1 and RadCo2) located in the UK market were selected as case companies. The nine subsidiaries are named according to the primary sector areas they are involved in. These areas span from telecommunication, medical services, radio communication, finance and retail. The telecommunication segment consists of companies that provide telecommunication products and end-to-end networking services to personal consumers, carriers and public-sector consumers. Medical companies engage in the distribution and service of health equipment to local partners. Radio firms are providers of mobile radio-communication solutions. The financial segment refers to international financial banks that engage in financial investment and personal financial services. Retail companies primarily sell various goods through department stores and online stores. These companies' close and frequent involvement with local markets makes it extremely important to deal with the tension between global integration and local responsiveness in their IHRM strategies and operations (e.g. Bartlett and Ghoahsl, 1989; Taylor et al., 1996). Table 4 summarizes general information about the case companies, including their industries, founding years, subsidiaries' locations, headquarters' locations and numbers of employees.

Table 4 Overview of Case Companies

Case Subsidiary	Industry	Founding year	Subsidiaries' location	HQ's Location	Numbers of Employees
TeleCo1	Telecommunication networking	2001	Slough, UK	Shenzhen, China	70
TeleCo2	Telecommunication networking	2001	Reading, UK	Shenzhen, China	1100
Teleco3	Telecommunication networking	2010	Reading, UK	Shenzhen, China	40
MedCo1	Medical equipment	2008	Huntington, UK	Shenzhen, China	50
RadCo1	Radio communication, networking,	2004	Slough, UK	Shenzhen, China	45
RadCo2	Radio communication, networking	2002	Cambridge, UK	Shenzhen, China	650
FinCo1	Financial services	1995	London, UK	Beijing, China	300
FinCo2	Financial services	1992	London, UK	Beijing, China	200
RetCo1	Retail	1849	London, UK	Nanjing, China	4090

3.3 Data collection

The data sources for this study consist of: face-to-face interviews, telephone conversations, follow-up emails and archival data, including organizational reports, publicly available data from websites and online news articles. The primary data source is 28 semi-structured interviews of 60–90 minutes duration collected during 12 months (from June 2017 to May 2018) , which resulted in 732 transcribed pages of data material. The interviewees include highly knowledgeable informants at three hierarchical levels: corporate HR directors at headquarters, general or country managers of subsidiaries, local HR managers with direct involvement in local HR issues in subsidiaries.

I began the interviews by asking each informant questions about their background, such as their work experience, department and position, and their responsibilities in the company. I then asked each informant about the company's HRM system including the establishment process for a local HRM system, specific HRM functions and practices between headquarters and subsidiaries, and the relationship between headquarters and subsidiaries as regards IHRM implementation. In order to collect relatively complete and in-depth information (Eisenhardt, 1989a; Glaser and Strauss, 1967), open-ended questions were used and informants were encouraged to provide more details when their descriptions were brief or typical terms emerged. All interviews were recorded and generally transcribed within 48 hours.

Potential informant bias is addressed in the following ways. First, the interviewees are at different hierarchical levels and from both headquarters in China and UK subsidiaries. Second, open-ended questions that mainly emphasize factual issues, such as what informants did and observed, how IHRM was designed and implemented within the company, were used to interview informants (Lipton, 1977; Huber and Power, 1985). This enabled informants to focus on actual HRM implementation and relationships within the company and avoid informant speculation. Third, interview information was triangulated with multiple informants and archival data sources (Jick, 1979; Kumar et al., 1993). Finally, confidentiality and anonymity were promised to the informants to motivate them to provide accurate information.

The secondary data sources were used to collect complementary information on HRM practices and headquarter-subsidiary relationships in each organization. These documents are useful in providing relative IHRM information such as governance framework and workforce localization in Corporate Social Responsibility (CSR) Report; internal control system and activities of Human Resource Committee in annual report; HRM policies and philosophies in internal HR publications; IHRM mindsets and integration principles in news articles (especially for M&A cases). The documents varied across cases because of the relevance and accessibility. These information are mainly used to gain insights of IHRM characteristics and verify the levels of HRM practice localization and autonomy. The triangulation of multiple data sources improves the accuracy of collected information and the robustness of resulting theory (Jick, 1979; Carter et al., 2014). Table 5 summarizes the data sources and interview information.

Table 5 Data Sources and interview information

Case Company	Interview		Archival Data
	Informants by position	Pages of transcription	
TeleCo1	Sub: General Manager	36	Annual Report
	Sub: Deputy HR Manager	32	CSR Report
	Sub: Business Manager	25	Internal publications
	HQ: Corporate HR Director	28	
TeleCo2	Sub: HR Manager	28	Annual Report
	HQ: Corporate HR Director	29	CSR Report
	HQ: HR Manager	25	Internal publications
	HQ: Chief Operational Director	23	News Articles
TeleCo3	Sub: General Manager	27	Annual Report
	Sub: HR Manager	26	
	Sub: Deputy HR Manager	22	
	HQ: Corporate HR Director	25	
MedCo1	Sub: General Manager	29	Annual Report
	Sub: HR Manager	26	Internal Publications
	HQ: Corporate HR Director	27	
RadCo1	Sub: General Manager	31	Annual Report
	Sub: HR Manager	23	
	HQ: Corporate HR Director	25	
RadCo2	Sub: HR Manager	24	Annual Report
	Sub: Country manager (same with RadCo1's general manager)		News Articles
	HQ: Corporate HR Director (same with RadCo1)		
FinCo1	Sub: General Manager	23	Annual Report
	Sub: HR Manager	26	CSR Report
	Sub: Business Manager	22	
	HQ: Corporate HR Director	25	
	HQ: deputy Director	21	
FinCo2	Sub: HR Manager	23	Annual Report
	Sub: country manager (same with FInCo1's general manager)		News Articles
	HQ: Corporate HR Director (same with FinCo1)		
RetCo1	Sub: HR Manager	26	Annual Report
	HQ: Corporate HR Director	25	Internal Publications
	HQ: General Manager	30	

3.3 Data analysis

Based on the logic of multiple case approach to build theory (Campbell, 1975; Eisenhardt, 1989; Eisenhardt and Graebner, 2007), this research uses within and cross-case analysis to explore the IHRM typology and antecedents. First, treating each subsidiary as a case unit, I began by reviewing all the individual transcripts and triangulating these write-ups with other archival data for each case. During the initial reviewing and analysis, I highlighted important statements, including phrases, sentences and paragraphs that directly relate to IHRM patterns in HRM practice localization and HRM autonomy. For example, descriptions of the similarities and differences of HRM practices in headquarters and subsidiaries are mainly used to label IHRM practice localization. While descriptions of IHRM decision-making processes and communication, monitoring and control between headquarters and subsidiaries regarding IHRM issues are used to construct IHRM autonomy. Based on this reviewing and highlighting work, I then started within-case analyses by developing preliminary concepts, constructs and a rough theoretical explanation of strategic choices in HRM practice localization and HRM autonomy for each case.

After this within-case analysis, I compared important statements from each case in order to identify different levels of HRM practice localization and HRM autonomy. I also looked for within-group similarities and intergroup differences in these two dimensions in order to further characterize various IHRM types. The cases could be classified, as expected, along the two dimensions. However, my analysis also revealed more nuance compared with previous 2*2 matrix in Fan et al (2016)'s work, such that I identified intermediate levels of HRM practice localization. While this was not a major insight per se, the nuance became particular relevant as this allowed me to identify two more 'innovative' IHRM types (opportunistic and passive dual HRM) and relate these patterns with specific characteristics of Chinese MNCs and further organizational antecedents along with the analysis. Six particular IHRM types emerged in this analysis stage. These IHRM types are defined and explained in the IHRM localization-autonomy framework, along with case representation, as shown in propositions 1-6.

Once these categories were identified, I reconnected common important statements within each group back to their original contexts to validate the categories. It is suggested that moving between within-case and across-case analysis can facilitate the intuiting process (Swanson-Kauffman and Schonwald, 1988; Ayres et al., 2003). A 2*3 IHRM framework (see Figure 1) was designed to compare these categories and make the comparisons more intuitive.

Next, in order to explore the key influencing factors of the two IHRM dimensions, I used replication logic to conduct cross-case analysis across companies, treating each headquarter and subsidiary as a case individually. For example, the constructs and influence of headquarters' integrative capability, international strategy; and subsidiaries' entry mode and resource dependence emerged in this analysis phase. General cross-case analysis methods were also used to probe other potential theoretical definitions, constructs and relationships that might better fit and explain the data, rather than the initial theory that emerged in this research (e.g. Eisenhardt, 1989; Gilbert, 2005; Martin and Eisenhardt, 2010). Then, following the logic of replication, the preliminary relationships arising from certain cases were tested on others to validate and develop emergent theory (Eisenhardt, 1989a; Gilbert, 2005; Martin and Eisenhardt, 2010). The relationships that were consistent across cases were retained and those that were inconsistent were either modified or removed from the theory. Graphs and tables (such as Tables 8, 9, 11, 13, 15) with representative features and statements are also used to refine particular IHRM framework and theoretical relationships (Miles and Huberman, 1994).

With the ongoing cross-case analysis, I iterated among different sources of information, including case data, emergent theory and relevant literature, to refine the theoretical framework emerging from the study (Eisenhardt, 1989). I continued this reviewing process until I achieved theoretical saturation when the emerging theory was able to provide a consistent and robust explanation of the variations in HRM practice localization and autonomy (Eisenhardt and Graebner, 2007). Based on constant reviewing and matching of data, emergent theory and prior research, certain themes and propositions (see propositions 7-10) were found and formulated. Thus, the propositions and theoretical framework in the following sections are a series of arguments combining evidence from cases, existing research and stand-alone logic (Eisenhardt and Graebner, 2007).

4. Research Findings

Based on the data and analysis of multiple case study, the research uses two themes to represent different IHRM patterns in Chinese MNCs, and key factors and mechanisms within the IHRM localization-autonomy framework. In relation to the first theme, the study led me to identify 6 IHRM types, according to the levels of HRM practice localization (low, moderate, high) and autonomy (low, high). This can be represented in a 2*3 IHRM matrix (see Figure 1). Chapter 4.1 mainly shows research findings for the different IHRM types found in Chinese MNCs and discusses the main characteristics and potential reasons within each IHRM type. Second, the case study analysis sheds light on the antecedents that influence IHRM practice localization and autonomy. Section 4.2 shows the research findings for MNCs' organizational factors, including integrative capability, international strategy, entry mode and resource dependence, and their influence on the IHRM autonomy-localization framework, respectively.

4.1 IHRM typology of Chinese MNCs

In order to specify the theoretical IHRM variations in MNCs, this study adopted two dimensions, localization in HRM practices and HRM autonomy between headquarters and subsidiaries, which both concern the global-local dilemma to identify different patterns of IHRM strategies in Chinese MNCs. As a result, six IHRM types were found and identified from the data. Here, the HRM localization dimension is generally defined as the degree of similarity of HRM policies and practices between headquarters and overseas subsidiaries, which is a traditional measure of HRM localization widely used by researchers (e.g. Turner et al., 1997; Schmitt and Sadowski, 2003; Kim and Gray, 2005), while the HRM autonomy dimension refers to the level of control held by headquarters in the decision-making process to determine subsidiaries' HRM implementation, which is also related to the utilization of various control mechanisms (Ferner et al., 2004; Johnston and Menguc, 2007; Chang et al., 2012).

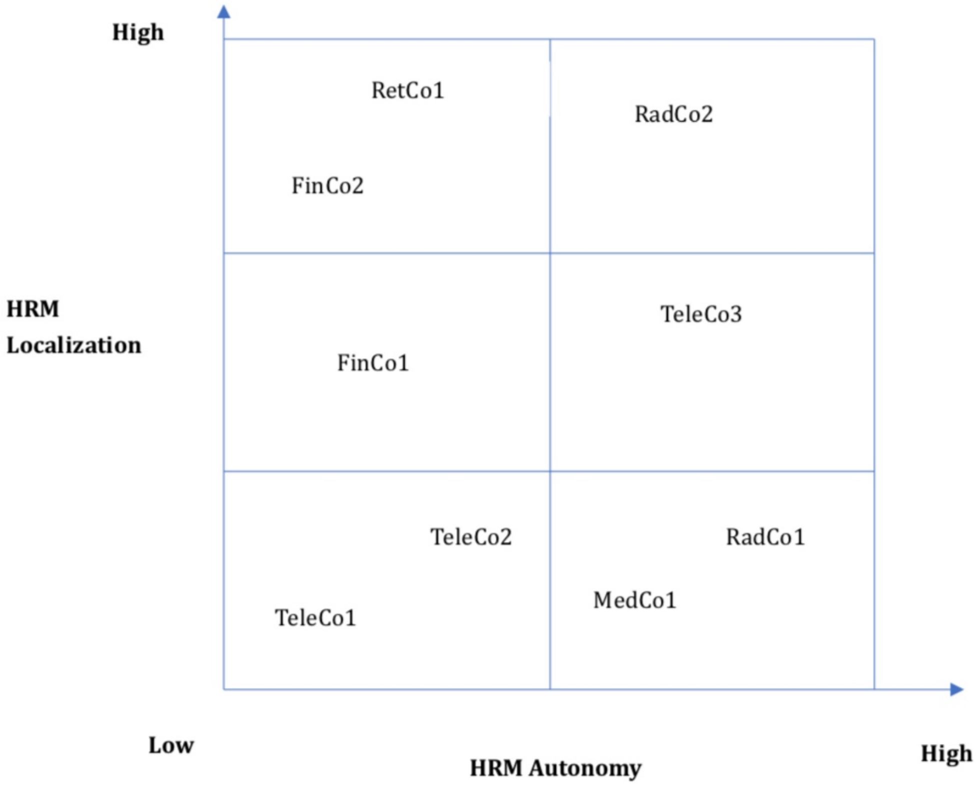

Figure 1 IHRM typology in Chinese MNCs

As shown in Figure 1, the horizontal dimension represents the level of HRM autonomy in MNCs' subsidiaries, while the vertical dimension represents the level of HRM localization. Each dimension is a continuum, they are identified as either 'high', 'moderate' or 'low', but there does not exist an absolute degree to measure them. Specifically, a higher level of localization represents a relatively lower level of global integration in HRM policies and practices, while a higher level of autonomy implies a relatively lower level of control held by parent companies over subsidiaries. It is also suggested that even though the two dimensions are influenced by the same 'global-local' tension, they are not necessarily incompatible. For example, a high level of control imposed by headquarters does not necessarily mean a low level of localization, while a high level of HRM localization does not imply a simultaneous low level of control (Fan et al., 2013).

The cases are clearly distinguishable based on the level of HRM autonomy, which is high or low. HRM localization is more complicated but can be divided into three levels. i.e. highly localized HRM, moderately localized HRM and little localized HRM. Thus, by combining the two dimensions with different degrees, six types of IHRM modes are identified in different quadrants within the localization-autonomy framework: Global HRM, Transnational HRM, Opportunistic Dual HRM, Passive Dual HRM, Confederate HRM, Multidomestic HRM. The details of and variations in each IHRM type will be discussed below. The descriptions of these IHRM types are represented in Table 6.

4.1.1 Global HRM

When the levels of HRM practice localization and HRM autonomy are both low, the strategy of IHRM adopted in subsidiaries is 'global HRM' (similar to the 'convergence' HRM in Fan et al.'s (2016) model). MNCs that follow this global HRM strategy are highly integrated in overseas HRM operations and offer limited autonomy to their foreign affiliates in HRM decisions and implementation. Typical cases in this research are TeleCo1 and TeleCo2. These MNCs tend to have similar HRM policies and practices among their overseas subsidiaries. The parent companies act as regulators that produce detailed HRM frameworks, including functional guidelines, performance standards and operating procedures for subsidiaries to follow. As the Local HR manager in TeleCo1 said, 'Our subsidiary needs to follow the whole HRM framework from headquarter, we can communicate our head count and the proportion of local employees.' Subsidiaries are more like followers that can only modify end-point landing HRM practices according to local laws and regulations. As the HR manager in TeleCo2 said, 'Yes, we have to follow the HRM structure and guidelines of corporate

HR. They are very detailed. But it doesn't mean we are the same. It's kind of mixed. We also have to follow the local labour laws to satisfy local legislation. For example, the employees in subsidiaries have their own regulations for holidays, benefits, insurance and working contracts.' These integrated HRM policies and practices are often transferred top-down, from headquarter to overseas subsidiaries, or in collaborations between headquarter and subsidiaries to determine 'best practice' for the company. Best practices refer to those practices which are considered to be more likely to generate high performance, regardless of the locations of subsidiaries, or those designed based on rich internationalization experience (Humes, 1993; Gooderham and Nordhaug, 2003).

The high level of integration in HRM strategies and practices, instead of localized ones, is similar to the previous 'exportive' IHRM identified by Taylor et al. (1996) and 'ethnocentric' IHRM classified by Heenan and Permutter (1979). It can become a competitive advantage for MNCs' internationalization because these headquarter-oriented practices are perceived to be more professional and superior to local ones, especially when they relate to higher performance and efficiency by facilitating internal exchanges within MNCs (Tung and Miller, 1990; Kedia and Mukherji, 1999; Fan et al., 2012). Similarly, according to Kogut (1984), a high level of integration can help MNCs to achieve competitive advantage through the exploitation of different national resource endowments; the bargaining strength of a multinational network; economies of scale and learning. For example, as the corporate HR Director in TelecCo1 said, 'Our HRM system is very detailed and systematic. It has been used for overseas operations for years. We also modify and update our HRM system according to our experience and business strategies. I can't say it's perfect but it's suitable for us. So, our subsidiaries can take advantage of it to deal with overseas HRM issues.'

Meanwhile, MNCs adopting global HRM emphasize headquarters' control over subsidiaries. Most of the decision-making is centralized by the parent company in order to maintain a high level of control. As the Corporate HR Director in TeleCo2 said, ‘The level of control is really strong, we also have a lot of control inputs. Generally, there are different levels of authority in our HRM framework, such as level 1, level 2, level 3 and level 4, in order to allow some local diversification and legislation, we also allow some authorization in the tail-end point in level 3 or 4.’ Such MNCs use multiple control and coordination mechanisms to facilitate the relationship between headquarters and subsidiaries. For example, there are frequent and multiple levels of monitoring and reporting systems within these MNCs, which are also headquarter-dominated, allowing central control. As the Local HR manager in TeleCo1 said, ‘HRM and management issues have to be communicated and reported through multiple levels, including country manager, BP team, regional HR and HR in the parent company, sometimes we even establish certain project teams to deal with specific problems. Our communications with headquarter are very frequent, nearly every day. Most of the time we communicate via internal HR systems, using emails for regular reporting. We will also make phone calls every day to our European centre and headquarter for daily HR issues.’

More importantly, the use of expatriate managers is another main method for HRM control and knowledge transfer. Both cases in the global HRM quadrant rely on a large number of expatriates as an important control means. For example, in TeleCo1, there is a large proportion of expatriates positioned in key departments as senior managers to control overall operations and management. As the general manager in TeleCo1 said, ‘We have around 40 per cent of expatriates in our company, in nearly every department. Most of them are head or senior managers of each department. We also have local managers in every department to help with the management of local employees. The others are mainly technical professionals who come to share product information or technology updates. Only the sales and service departments are totally local, because they have to communicate with local customers and suppliers.’

Expatriate managers act as a social bridge between headquarter and subsidiaries, to share and transfer knowledge, contacts and experiences. It is considered one of the most effective and soft ways to control the processes and behaviours of subsidiaries' operations (Rosenzweig and Singh, 1991). As the Corporate HR Director in TeleCo1 explained, 'Typically, we will assign expatriates including HR professionals to every overseas subsidiary. They can share our company vision, culture and policies and take them to our foreign affiliates. They can communicate well with us, and local employees as well. You know, our corporate HR guidelines and principles are not all designed in English or other languages. So they can translate and explain them to the rest of the local employees'. While in TeleCo2, although it pays attention to the balance of employees' nationalities, it still relies heavily on expatriates for its overseas management and integration. As the Corporate HR Director said, 'There are clear promotion routes for employees and we have some foreigners in the corporate board of our parent company, which is not common among Chinese MNCs. We are trying to become a truly global company. But I have to say there are rarely local directors who are promoted from overseas subsidiaries, for example, country managers are often domestic managers who have more than 10 years of working experience.'

A highly integrated and centralized HRM framework is a common IHRM type that has been identified and found in big MNCs from advanced economies because they are assumed to have the potential to develop 'best practice', maintain high performance and have longer internationalization experience, which will enable employees to make better decisions in overseas operations. This is unlike previous EMNC studies that emphasize strategic investment motivations for advanced knowledge and strategic assets, including R&D capability, international managerial skills, brands and reputations (Hay and Milelli, 2013). Two particular cases in the global HRM quadrant show that not all MNCs from emerging countries are in relatively weak positions in global markets, their main motivation to internationalize is based on having sufficient organizational capability. Both are large leading companies with internationalization activities based on their home country markets. Specifically, they rely on their home market and their parent company's supply and production base to serve their overseas business and management. As the general manager in TeleCo1 said, 'Nowadays, many Chinese companies are very confident when investing abroad, because they target large energetic overseas markets, thinking there will be a lot of profit there. But they don't know they have to pay high tuition fees. Some even fail after paying. So, in our company, our focus will always be on the domestic market. The strong domestic market and parent company in China can support us in internationalization overseas.' Similarly, the general manager in TeleCo2 also mentioned the importance of the domestic market and headquarters. 'From a strategic perspective, I think the first reason for Chinese companies to invest abroad is, definitely, the Chinese domestic market, it is the backbone for most Chinese MNCs, it is the biggest motivation for these companies to go abroad. Then it is the financial market in China. The import and export banks and other big banks will help companies to invest abroad.'

Thus, core advantages and effectiveness are highly dependent on their head office's organizational capability and performance in their home country, as the manufacturing and managing centre for their global operations. In this way, the importance of their home base and reliance on parent companies' support and abilities will push them to follow HRM policies and practices from their headquarters and use tight control to secure a high level of global integration for international management. As the general manager in TeleCo2 revealed, 'The other reason for Chinese companies being eager to internationalize is that the domestic market is either already saturated or nearly saturated. It is difficult for companies, especially big ones, to grow further, and there are also glass ceilings there. So these companies, like us, already have strong capabilities and many years of experience. We then need to export such ability and experience to foreign markets, based on macro-financial and operational ability.'

Moreover, in contrast to studies that suggest MNCs from emerging countries will take a learning and adaptive approach to HRM when operating in foreign countries, particularly in advanced countries, because they are more disadvantaged than those MNCs from developed countries due to the liability of foreignness, smallness, newness and poor global image (Chang and Taylor, 1999; Ferner et al., 2005; Chang et al., 2009), it is found that the biggest problems faced by the two case companies have shifted away from these general disadvantages of being foreign and weak. Their main concern is how to use their HRM systems to deal with legal issues in host countries. Since global HRM does not mean the wholesale adoption of parents' HRM practices, they are likely to use a combined HRM system, with certain adjustments made to gain internal consistency and external legitimacy at the same time.

For example, it is believed by Teleco1 and TeleCo2 that the biggest LOF faced by them is not the traditional discrimination towards specific nationalities but more to do with how to deal with the local laws and regulations within the HRM framework. As the general manager in TeleCo1 said, 'I think it is not that period any more, at least in the telecommunication industry. When we first come out of the country, we encountered many restrictions. They didn't know our company, a Chinese company. It's more like that they didn't know much about China. In the early years, they were still thinking: Can the Chinese do this? Do Chinese engineers have such technologies and capabilities? They had questions. But after all these years, those voices are very quiet, they have faded … The biggest problem for us is not the insufficient capabilities of products and services, it is how to deal with local legislation. You know, in the UK, business is connected to politics. And our field, telecommunication, is somewhat sensitive. Sometimes there will be more investigations by government, it is the biggest restriction on our business operations … but in the HR part, the UK legal system is very developed. We have many years' experience dealing with employee relations here. So it's ok to implement our own HRM system if we follow the local labour regulations.' And the general manager in TeleCo2 showed similar concerns for the local institutional environment faced by Chinese MNCs. 'The biggest difficulty for most Chinese companies is their unfamiliarity with local laws and regulations when they first enter foreign markets. They don't know the local regulations for operations in their industry… small and medium sized companies will face many more problems. But there are some Chinese organizations and committees here to help them.'

Proposition 1: High levels of organizational capability and reliance on home market give rise to global HRM strategies in subsidiaries of Chinese MNCs.

4.1.2 Transnational HRM

When the level of HRM practice localization is low and the level of HRM autonomy is high, the IHRM strategy adopted in subsidiaries is 'transnational HRM' (similar to the 'emergent' HRM in Fan et al.'s (2016) model). MNCs using a transnational HRM strategy are highly integrated in their global HRM framework but still offer sufficient autonomy for their subsidiaries to decide and implement their own HRM operations. Typical cases are MedCo1 and RadCo1. Like the global HRM strategy, HRM policies and practices in MNCs' parent companies and overseas subsidiaries are similar. These MNCs have a developed global HRM framework that regulates guidelines and details for every HRM function that subsidiaries can follow as a blueprint to design their own HRM. Local HRM in subsidiaries is more like a mixed strategy that includes global HRM requirements from headquarters and HRM-related regulations and factors in the host country. It was described by the Corporate HR Director in MedCo1, 'We have a whole HRM system from our headquarter that includes every aspect of HRM … for example, recruitment and selection, there is a set of centralized standards and processes, such as who should sign labour contracts, how many rounds of interviews, and the procedure for demission. But from a legal aspect, the endpoint of the implementation of such policies has to adapt to local laws and regulations ... take legal benefits and vacations as examples ... these don't need to follow our standards.' Such a highly standardized but mixed HRM strategy is consistent with Gamble's (2010) research about transferring HRM practices from headquarters to subsidiaries. According to Gamble (2010), the transfer of HRM is a much more complex phenomenon that cannot be simply compared by absolute standardization and localization. The traditional theoretical approach can only explain parts of the international HRM operations in MNCs. There exists a degree of 'hybridization'. Specifically, the hybridization of HRM means that even though HRM practices from the parent company are imposed on subsidiaries, they have to be combined with the local culture, norms and regulations in the institutional environment in the host country (Geppert et al., 2003; Morgan, 2005).

However, unlike global HRM which maintains the same centralized principle in both practice localization and autonomy, MNCs that follow transnational HRM strategy will offer more autonomy to their overseas subsidiaries in their local HRM decisions and operations. This higher level of autonomy does not mean that subsidiaries are independent with each other; rather, it can also be seen as a control means which emphasizes a flexible and responsive organizational culture in local HRM operations. A low level of localization and a high level of autonomy may seem to contradict each other. However, it is an important and common strategy for international management to deal with the conflict between global integration and local responsiveness. Bartlett and Ghoshal (1989) found that successful global companies are able to be locally responsive and globally integrated at the same time. Similarly, this duality of globalization and localization was also observed to be 'organize one way, and manage the other way' in MNCs' foreign operations (Evans et al., 2002: 83).

In order to provide sufficient autonomy to subsidiaries, transnational MNCs tend to employ more host-country nationals, rather than relying on home country nationals as expatriates for local operation. The host country-oriented staffing policy is similar to the polycentric approach which emphasizes a relatively loose connection between headquarters and subsidiaries (Permutter, 1969). This polycentric staffing strategy is typical for MNCs that focus primarily on the local market for production and services. Host-country employees are less likely to have language or cultural problems than home-country employees. Thus, a staffing policy that relies on host-country nationals is helpful for MNCs seeking to serve local tastes and adapt to local operations. Both cases in the transnational HRM quadrant show a tendency to employ a more local workforce. As stated by the general manager in MedCo1, 'Well, as you may have noticed, the employees here are all local people, except me. Actually, I am also not a typical expatriate. I was hired in the UK but my employment contract is with headquarter. The local employees can do a good job, too, so we don't need many expatriates here.' And RadCo1 showed a similar host country-oriented staffing preference, especially in developed countries: 'Well, it depends on the location of the subsidiary. For subsidiaries in developed countries where the local environment and legal system are stable, we won't send many expatriates, maybe only a country manager for overall management. The UK is such a case. They can find sufficient relevant professionals and employees there. Hiring is not a problem. So we don't intervene too much in their local staffing' (RadCo1: Corporate HR director).

Additionally, such MNCs tend to be less involved with their overseas operations and management. The levels of reporting and monitoring systems are fewer and simpler. And the control mechanisms adopted primarily focus on procedure and output control. In this way, parent companies usually produce a performance evaluation system that regulates specific objectives and financial performance for subsidiaries to follow. The subsidiaries then have sufficient autonomy and flexibility to decide on their own methods and procedures to achieve those targets. The two cases reported similar decentralized decision-making processes in HRM implementation and less headquarters' intervention. For example, as the local HR manager in MedCo1 said, 'The frequency of our communications with headquarter, I mean key ones, are around every six months, the same for periods of performance and evaluation. Most of the time they can see our processes and performance via the internal HR system online. And if we are following the routines, then we don't need to report everything unless there are big organizational changes or updates.' Moreover, in RadCo1, the parent company shows more intention to control HR quantitative indicators, rather than specific HRM issues. As the Corporate HR Director in RadCo1 said, 'Generally, we will only control the main elements of head count, budgets and performance targets; after we have decided them and communicated them to subsidiaries, we don't intervene in too many things involving local decisions.' This kind of decentralized decision-making management style is assumed to be advantageous in terms of grasping opportunities and avoiding potential risks in operational processes (Michael, 1973; Hoskisson and Hitt, 1988).

As the data show, this transnational HRM approach often exists in Chinese MNCs that internationalize basically for market-seeking motives. This is an important internationalization motive for MNCs in high-tech industries, especially those relying on global export markets to produce and sell their standardized products. It is even seen as a springboard for EMNCs to avoid international trade barriers, such as quota restrictions and tariff penalties (Luo and Tung, 2007). In this way, such EMNCs can take advantage of their capabilities for massive production and efficient international management, while closely reaching out to and interacting with foreign markets. Thus, considering the efficiency problem, companies following a transnational HRM approach will probably adopt more globalized HRM policies and practices for integrated management. Meanwhile, in order to expand in overseas markets and react more quickly to the local environment, MNCs tend to offer sufficient autonomy and fewer expatriates to their subsidiaries to let them make local HRM decisions so that interventions from parent companies do not impede the speed and cost of responding to local markets and environmental change. As the general manager in RadCo1 said, 'It wasn't like this when we first entered the UK market. At first, we were just a foreign-sales point here. All the employees at the UK site are expatriates from China. But when the sales and market here in the UK became stable, and we needed to focus and interact more with the local market and networks, we found that the cost of using expatriates was more than employing local workers. Because we need to consider the additional costs for expatriates, their international visas, foreign living expenses, family issues and costs. We can also find qualified employees here, so we have changed our staffing policy to focus on local workers and let them concentrate to the local market since then.' Similarly, as noted by the general manager in MedCo1, 'Our main job here in the UK is to serve the local market, so we need to communicate a lot with local customers and react to the market quickly, so a certain level of autonomy is necessary … I think no one can do a better job than local people.'

Another reason for transnational MNCs tending to maintain more HRM autonomy at subsidiary level is to prevent host-country resistance, which is considered one of the most important sources of LOF, especially for MNCs from emerging countries (Cooke, 2012). Since Chinese MNCs are typically perceived to have a close relationship with the Chinese government, it is difficult for them to deal with local legislation, from both local government and local markets and communities (e.g. Nolan and Zhang, 2003; Luo and Zhang, 2016). Thus, companies need to take certain actions to overcome such resistance. Similarly, it was found by Cooke (2012) that some Western media in host countries tend to adopt a negative or even hostile attitude when reporting the business activities of Chinese MNCs, which can become an important barrier to Chinese MNCs expanding in local markets. Consequently, such Chinese MNCs may prefer to maintain a distant relationship with subsidiaries and allow more autonomy to them so as to keep a low profile in local operations. Such actions are also obvious in the two cases of the transnational quadrant. For example, as said by the general manager in MedCo1, 'Our company is too white in Europe, can you understand? ... I am the only one who can speak Chinese here, you can imagine what that means … we don't need to have a very close relationship with headquarters to show we are a Chinese company. And we are not like other companies that need to seek help from foreign service institutions in the

Chinese government. There are many activities involving Chinese MNCs and the government. But we seldom join in these kinds of activities. I can say that our relationship with the government is somewhat distant. Perhaps this is a particular characteristic of private companies in Shenzhen.'

However, even though a low level of HRM localization and a high level of autonomy can make sense and work well for Chinese MNCs' overseas operations, sometimes there are some problems reported by managers. For example, since local HR managers are granted sufficient authorization to make local HR decisions within the global HRM framework laid down by the parent company, their ability and managerial skills may be insufficient to meet the expectations of local country managers. The CEOs of both the UK subsidiaries implied they had worries about their local HR managers' professional capabilities. As stated by the general manager in MedCo1, 'Because we don't have any expatriate managers and professionals in the HR department, our local HR management issues depend totally on our HR managers' professional knowledge and skills. But I must add, I am not saying that they are not qualified enough to make HR decisions. Our HR people haven't been in this industry for a long time, so they are not so familiar with the organizational culture and do not have extensive industry experience. They know how to deal with HR issues, but they have no medical background. There are often some misunderstandings when I have to communicate with them. Most of the time they just focus on specific HR issues rather than combining HRM with our global corporate strategy on the company level as a whole.' And the general manager in TeleCo3 showed similar concerns: 'Our local HR manager is not … uh … how to say, maybe not very professional. I have met our American subsidiary's HR. He is the only senior HR manager in our overseas units.'

Proposition 2: High levels of liabilities of foreignness and dependence on local networks give rise to transnational HRM strategies in subsidiaries of Chinese MNCs.

4.1.3 Opportunistic Dual HRM

When the level of HRM practice localization is moderate and the level of HRM autonomy is low, the IHRM strategy adopted in subsidiaries is 'opportunistic dual HRM'. The dual HRM approaches found in this research reflect a middle level of HRM practice localization. Instead of simply using similar or diversified HRM policies and practices with headquarters, a new HRM approach has been created to respond to the double pressure from headquarters and the local environment. From the aspect of the parent company, on the one hand, it has the intention to integrate its global HRM system and transfer it to its overseas subsidiaries. But, at the same time, it also wishes to be locally responsive to the local environment and doubts whether a global HRM system would be appropriate to use across all employees in the host country. In this way, such MNCs have developed their own way style of international HRM, using a parallel and dual HRM system in subsidiary operations. Headquarter acts as an integrator that is responsible for designing the necessary global HRM guidelines, standards and processes for subsidiaries to refer to. It also systematically formulates HRM policies and practices, particularly for expatriates, that regulate, in detail, every aspect of HRM functions during overseas assignments. Meanwhile subsidiaries act as coordinators that can decide their own HRM policies for local employees via coordination with the corporate HRM department. Therefore, expatriates in the UK subsidiary can be managed uniformly by global HRM policies, with certain adjustments to adapt to local laws and regulations. Local employees are managed locally by localized HRM policies and practices developed by HR professionals in the host country. This dual HRM system is also consistent with contextual and divergent perspectives that allow for divergence in HRM between headquarters and subsidiaries, since it is assumed that global HRM decided by senior management in the parent company may not be equally effective in other locations (Whitley, 2000; Morgan, 2007). One case in this research shows this special IHRM approach, it was described thus:

‘Our form of HRM can be described as parallel management, with HRM policies for local employee management and HRM for expatriates operating at the same time for different groups of employees.’ (FinCo1: Local HR Manager)

‘We have recruited a local HR team to design HRM policies and practices for the local employees, we have a global HRM framework for them to refer to but we don’t participate much, they don’t have to be the same as headquarter’s, but there are still some standards they have to follow … for expatriates, they have another management system which is mainly determined by the parent company. But their daily management still needs to follow the local laws, such as benefit and visa requirements.’ (FinCo1: General Manager)

So why does this case company use two distinct HRM systems within one organization? One possible reason is the influence of Chinese culture. Managers in FinCo1 mentioned ‘harmony’, ‘HeXie’ and ‘avoid conflict’ multiple times when introducing strategic thinking to their international management, especially for international activities involving foreign employees. These beliefs are central elements of traditional Chinese culture. Specifically, unlike the Western strategic management style that mainly emphasizes economic efficiency and rationale strategic orientation, decision-making and management actions in Chinese companies are embedded in Taoism, which is termed ‘YinYang’ management (Stewart and Hitt, 2010; Fang and Faure, 2011; Fang, 2012; Jansson and Soderman, 2012b). A similar management style is found in ‘The Tao’ Chinese management (Hayley et al., 2004) and ‘HeXie’ management theory (Cao et al., 2011), which emphasizes duality and coexistence. This kind of management style encourages MNCs to find a middle or neutral way to design a parallel IHRM approach with two HRM systems. For example, as the general manager in FinCo1 said:

'I don't know if the way we deal with overseas HRM implementation is unique. But I can say it's our way, I think it's a more Chinese way. Our culture treasures harmony. When we go abroad, the employee relationship becomes more complex. Foreign employees have different cultural backgrounds and experience. It's not always easy to use our style and practices to manage them. So in order to avoid conflicts, having two HRM systems is a good choice. We can retain some of our own practices and management style for our home employees. And they can use more Western practices and style. It's good for both of us, a 'win-win' choice.'

Another possible reason relates to the separate business systems within industry. FinCo1 has two business systems operating at the same time in the host country, one for the extension of China-related business and one for the local business in the host market. There are different groups of employees engage in different business issues. Thus the division of business systems and employees between expatriates and local employees makes it possible for two parallel HRM systems in one subsidiary. As the local HR manager in FinCo1 said: 'Our expatriates and local employees are working on different business and providing services for different groups of customers. So it's necessary to have different HRM policies to support this kind of operation. For example, they will have different working objectives and evaluations. The expatriates will also have additional requirements from our parent company. So our local HR team will only focus on the HRM issues for local hired employees.'

Even though the MNC allows the subsidiary to determine its own HRM for local employees, the control from headquarter for operations and management in the subsidiaries is centralized. Headquarters tend to secure a high level of control over their overseas operations. Most critical HRM issues and decision-making in subsidiaries have to be coordinated with the parent company for final approval. In order to achieve centralized control, such MNCs will adopt a range of control and coordination mechanisms to facilitate the connections between subsidiaries and the parent company.

These control mechanisms usually include senior manager transfers, frequent information exchanges, headquarter-assigned professionals and teams, and centralized training. The level of control in FinCo1 is described as high:

‘Well, it’s hard to tell the level of control actually, but from our point of view at headquarter we have to maintain relatively tight control over subsidiaries’ management … but we also delegate certain authority to local operations, especially for the management of local employees.’ (FinCo1: Corporate HR Director)

‘Our relationship with the parent company is very close. We have regular training and reporting programmes with them. And the communication between us is frequent, sometimes even daily contact when we are busy.’ (FinCo1: Local HR Manager)

The widespread use of expatriates in critical managerial positions is an important factor in centralized control of subsidiaries’ HRM. It is shown that MNCs with a higher level of people-based control are more likely to share values, norms and a global vision, and also more likely to secure trust among employees (Gupta and Govindarajan, 2000; Kim et al., 2003). In FinCo1, the parent company is observed to place a large number of expatriates in key positions in subsidiaries as bridges for communication and integration. For example:

‘As you can see, there are many employees from China here. Usually we have two expatriate managers and one local manager in each department. The local manager can help us communicate with other local employees better than us, but most of the time central decisions should be made by expatriate managers because they are more familiar with the overall strategy of our company.’ (FinCo1: Local HR Manager)

‘Our connection with subsidiaries is mostly through our expatriates. They can help us transfer and explain missions and policies from headquarters while also reporting to us the condition of local operations in each department … we have a global expatriate HR system to support their overseas working and repatriation.’ (FinCo1: Corporate HR Director)

Proposition 3: The particular Chinese organizational culture and the clear division of overseas business between expatriates and local employees give rise to opportunistic dual HRM strategies in subsidiaries of Chinese MNCs.

4.1.4 Passive Dual HRM

When the level of HRM practice localization is moderate and the level of HRM autonomy is high, the IHRM strategy adopted in subsidiaries is ‘passive dual HRM’. However, unlike other IHRM approaches that are clearly characterized by their similarities in HRM policies and practices between the parent company and subsidiaries or the format of the double HRM systems implemented in overseas subsidiaries, this moderate level of HRM localization is reflected in the process and outcomes of forming local HRM practices. From the aspect of headquarters, the parent company shows little intention to globalize HRM strategies across their subsidiaries. There will not be global HR guidelines and framework that overseas subsidiaries need to follow. Thus, subsidiaries can decide and use different HRM policies and practices from their parent company. It does not mean that headquarters does not participate at all in local HRM implementation. The parent company acts as an integrator while HRM in subsidiaries can be coordinated at the local level between local HR managers and expatriate country managers in the host countries. However, unlike the confederate or multidomestic IHRM approach where local HRM is totally separate from that in the home country, this passive dual HRM originating in the host country is still much influenced by the characteristics of the home country and the parent company.

Specifically, even though HRM in subsidiaries is developed locally, it cannot be described as fully local HRM since they are characterized as Chinese MNCs. TeleCo3 is a typical case that reflects this special IHRM approach. It is reported in this case that most of the HRM policies and practices are developed by the local HR manager based on her professional ability and prior working experience. However, the local HR manager used to work in another Chinese MNC in the UK and so previous HRM systems and practices were brought to TeleCo3, along with some parent practices and adjustments, to form a new HRM framework in the case company. Thus, the HRM adopted in the case company still kept certain characteristics of the parent company and the home country, being a Chinese MNC. This has become a common way to develop a local HRM system in TeleCo3. As the Corporate HR Director noted, 'Subsidiaries can design their own HRM systems … sometimes the subsidiaries tend to employ experienced HR managers in the industry so that they can bring a developed HRM system directly to them. This can be a quicker and more effective way. We also introduce our HRM system to our subsidiaries to see if there are some practices they can adopt or adapt. The performance-evaluation indicator framework is the one most easily shared.'

The similarities of HRM practices between Chinese MNCs in the host country can be explained by mimetic isomorphism in institutional theory. According to the institutional perspective, it is supposed that companies tend to imitate successful competitors in the sector so as to replicate their path to success in order to avoid environmental uncertainty (DiMaggio and Powell, 1983; Husted and Allen, 2006). For example, MNCs usually mimic the practices and strategies of local domestic firms or more legitimate MNCs to overcome the LOF (Salomon and Wu, 2012). In this study, because of the lack of international management experiences, the case company replicates certain HRM practices of another Chinese MNC that has operated in the UK market for a few years in order to align with local legislation and avoid other uncertain constraints they might encounter at the beginning of their internationalization. As the general manager in TeleCo3 said, 'You know, poaching human talents and job-hopping can be common among Chinese MNCs here … the biggest difference in the recruitment of our company with that in China is that we prefer or only employ experienced workers, while domestic companies may employ fresh graduates. This can be a quicker and safer way for our development … it's the same in HRM, our local HR is also Chinese and has worked in another Chinese company here. After she came to our company, she could bring the whole HR system here. And because the HRM system had been adopted and successfully implemented in another Chinese MNC in the industry, we thought it would be suitable for us, too. It did the job.'

In line with parent companies' autonomous attitudes towards subsidiaries' localized HRM policies and practices, such MNCs tend to allow sufficient autonomy to their overseas subsidiaries for local HRM implementation. These subsidiaries' decision-making processes as regards HRM are decentralized at the host country level. There are less likely to be additional reporting levels between subsidiaries and headquarters. The communication between headquarters and subsidiaries is mainly through country managers and is less frequent. Expatriate managers are rarely observed in such subsidiaries, except for top management in the host country. Typically, the country manager has the highest authority as regards local HRM operation and management, while HRM integration from headquarters exists at the information level. The information integration mainly emphasizes internal information flows via impersonal communication systems, such as an internal HRM IT system and a database. Such mechanisms are suggested as being cost-effective to transfer large amounts of HRM knowledge and information in less time (Kim et al., 2003; Belizon et al., 2016). Thus, monitoring and integration from headquarters are mainly done through the internal HRM system and will not intervene too much in HRM implementation in subsidiaries.

Moreover, instead of only focusing on staffing by relying on home-country expatriates or host-country nationals, such MNCs use a more region-centric HRM approach. The international transfer of human resources is mainly implemented within regional boundaries. Regional headquarter plays a more important role than the parent company in the home country for the coordination of corporate policies and strategies. It is reported by the case company that in order to mitigate the restrictions of being a foreign company and avoid potential cultural conflicts between the home country and the host country, it prefers to employ host-country nationals and third-country nationals to reduce language and cultural barriers they may encounter. For example, it is described:

'Only our country manager comes from China, we can hire all our employees in the UK. But not all our employees are from the UK. We have a large proportion of third-country workers … I don't know if it's the same in other Chinese companies here … we try to employ workers of different nationalities such as, … we have workers from Italy and the Netherlands in Northern Europe … this can be a way to reduce the feeling of being a foreigner you know? We are foreigners, they are also foreigners … so we can build a multi-cultural organization.' (TeleCo3: Local HR Manager)

'We don't have much direct communication with our corporate HR department at headquarter, they can monitor our big HRM events through our IT system within the company. Basically, we can make most of the HR decisions, between me and our country manager, ourselves … sometimes I will communicate and share some useful information with HR in other subsidiaries in Western Europe … for example, when there is a new labour law in the European Union we will discuss whether to add or change something in our HR contract.' (TeleCo3: Local HR Manager)

The case company and passive Dual HRM approach reflect some typical characteristics that have been much discussed in EMNC studies, such as the relatively smaller size of the company, the lack of international managerial capability and experience, and the severe LOF (Deng, 2012; Thite et al., 2012). Thus, the company tends to adopt a more adaptive and autonomous HRM strategy in its subsidiaries. However, it was found in the fieldwork that this Chinese MNC is planning a HRM transformation across its overseas subsidiaries so as to be more globally integrated. According to the interviewees, due to the size and condition of the subsidiary, HRM practices developed locally are mostly not as systematic as those in the parent company. Thus, the MNC tends to develop a more integrated IHRM system and transfer it to foreign units. As explained by the Corporate HR Director in TeleCo3: 'It's a very special time for this question. I just came back from a pilot study in our American subsidiary. As you may know from the UK site, our HRM in subsidiaries is very localized. That's kind of our strategy for local operations … but I think the development of HRM is a process … as far as I know, most of the time, local HRM systems are not systematic enough and many local CEOs have expressed a desire to have more connections with our headquarter. So we think it may be time to change our IHRM strategy to make it more integrated … it doesn't mean we will let our subsidiaries use the same HRM policies as our headquarter's; instead, we are trying to use our American subsidiary as a model to develop an IHRM framework and help build more systematic HRM systems in other locations so as to be better localized.' Changing IHRM as a process reflects the importance of flexibility in utilizing IHRM to support MNCs' international strategies to adapt to dynamic demands from both the external environment and internal organizational development (Milliman et al., 1991; Schuler et al., 1993).

Proposition 4: Low levels of internationalization experiences but frequent interactions with host country (regional) market give rise to passive dual HRM strategies in subsidiaries of Chinese MNCs.

4.1.5 Confederate HRM

When the level of HRM practice localization is high and the level of HRM autonomy is low, the IHRM strategy adopted in subsidiaries is 'confederate HRM'（similar to the 'deliberate' HRM in Fan et al.'s (2016) model）. MNCs following a confederate HRM strategy have realized the important variances between the environments of the home country and the host country and the necessity to adopt different HRM systems in the subsidiaries, while tending to retain central control from headquarters. Specifically, there is not a global HRM framework and detailed guidelines for subsidiaries to follow; instead, overseas subsidiaries can design their own unique HRM systems according to their business and management demands. The headquarters of MNCs act as integrators, monitoring HRM practices and implementation to ensure that they are not out of control and their operations align with the overall strategic goal. In this study, both the cases that belong to this confederate HRM quadrant are subsidiaries acquired by Chinese MNCs. They have original HRM systems that have been used for years, which are naturally different from those in the parent companies. The parent companies also show little intention to change their original organizational structures and HRM systems to be more like those of headquarters. As the Corporate HR Director in FinCo2 said, 'The whole HRM is already there. I don't think it is a wise choice to change a lot. Even though it is now owned by us. It is another organization actually. So we need to be careful when dealing with local issues. We worry that too many policy and organizational changes, such as redundancies, might cause unexpected problems. So we basically keep things how they used to be.' In addition, RetCo1 also prefers to maintain HRM practices in acquired subsidiaries: 'For the acquired company, our principle is to keep their previous framework and system as much as we can. Most of the time, we will evaluate if their HRM is systematic and scientific enough. If not, we will help them to develop a better one, but maybe not the same as our own HRM system. And if their original HRM works well, then we will leave it as it was' (RetCo1: Corporate HR Director).

Like the transnational HRM approach, the levels of HRM practice localization and autonomy also show inconsistencies in global-local tension. These MNCs allow for differences between local HRM practices and those at headquarters and allow sufficient freedom for subsidiaries to design and use their own HRM systems. At the same time, they take a conservative attitude and management tradition to retain central control over their overseas management especially in M&A cases. Parent companies tend to know important and necessary information, including HRM, so that they can understand the operational conditions in subsidiaries in time to react to emerging issues. In doing so, most critical decision-making relies on the centralized authority of the parent company. The managers interviewed believe that this is a better way to manage acquired subsidiaries since they used to be independent units and so centralized control can help the parent company predict the activities and development of subsidiaries to make better decisions. As the local HR manager in FinCo2 said, 'I think the most obvious change after acquisition is our decision-making process. We have to report and communicate important issues to our parent company and wait for approval. Take our recruitment as an example, before we were acquired we could decide whom to employ ourselves. But now, when it concerns senior managers, we have to report and ask for suggestions from headquarter because such positions have special pay packages and levels of authorization. Similarly, the corporate HR Director in RetCo1 said, 'It is part of our corporate tradition or culture to maintain tight control over subsidiaries, as in acquired companies. We exercise a similar level of control over them, just like our organic overseas subsidiaries. Sometimes these acquired companies needs more attention and control especially in the early stage of acquisition'

The main control method for such MNCs is to use expatriates or management teams to fill important managerial positions in subsidiaries. However, acquired subsidiaries have their original decision-making processes and organizational structures, and so any organizational changes in the subsidiaries need to be implemented with caution. Both companies reported similar step-by-step actions to increase the level of control over subsidiaries. For example, a management team was assigned to FinCo2 to help deal with local management and operations, as the Corporate HR Director explained, 'There is a group of managers there that helps to build our relationship with the new subsidiary. Generally, they are the head of the each department, such as finance and HRM. And the CEO must be one of our people … At first there is only one manager there to collect information and let us know their whole structure. After we have observed for a while, we then add a number of expatriates. It is like a soft landing with multiple attempts.' RetCo1 assigned a new chairman to the acquired subsidiary and added certain procedures to the decision-making process to maintain a higher level of control over it. It was reported that:

'In order to achieve a high level of control over the company, we have slightly changed their management structure, placing a chairman on the board.' (RetCo1: Corporate HR Director)

'Our chairman is from the parent company. He will attend our daily meetings and participate in the decision-making process. The missions and requirements from headquarter are also transferred via him. However, he will not be much involved in our daily operations. We still have a certain autonomy.' (RetCo1: Local HR Manager)

A similar HRM approach is also proposed by Fan et al, (2016), assuming that such MNCs intend to localize subsidiaries' HRM policies and practices, while still giving instructions for their local operations. Combining this finding with the data in this study, it is found that industry characteristics may be an influencing factor that shapes confederate HRM. Even though the two cases located in the confederate HRM quadrant are not in the same industry, they have similar levels of production integration. Similarly, according to Thite et al. (2012), the degree of product integration is a important industrial factor that will influence global and local HRM strategies and practices. Business diversification between headquarters and acquired companies makes it possible to use different HRM systems with a low level of HRM integration. As the general manager in FinCo2 said, 'Although we are both banks, our businesses are not the same. I think this is common in global banks. We are not like domestic branches that focus on the same business area. Overseas subsidiaries deal with international business areas and the financial issues of Chinese people and companies overseas. In this case, the acquired bank is an investment bank. It is in a totally different area. So we don't need to ask them to change their original HRM system.' Similarly, RetCo1 also shows a low level of business integration in its M&A activities: 'Our investment, acquiring this company, is not a … very strategic investment decision. We are not in the same industry. Actually, our company has entered many industries and sectors. So our integration is more like a sharing process and a platform.' (RetCo1: General Manager)

Proposition 5: Low levels of product integration and conservative organizational management tradition give rise to confederate HRM strategies in subsidiaries of Chinese MNCs.

4.1.6 Multidomestic HRM

When the levels of HRM practice localization and HRM autonomy are both high, the IHRM strategy adopted in subsidiaries is 'multidomestic HRM' (similar to the 'divergence' HRM in Fan et al.'s (2016) model). MNCs adopting this multidomestic HRM strategy are highly independent in their overseas HRM operations and grant sufficient autonomy to their subsidiaries to decide their own HR issues and daily implementation. Such MNCs allow their overseas subsidiaries to adopt diversified HRM policies and practices, different from those of the parent company, without providing global IHRM guidelines and requirements that subsidiaries need to adhere to.

In this way, the parent company plays a weaker role and subsidiaries can act as innovators and design their own HRM frameworks and strategies according to their specific strategic needs and the local legal and institutional environment. This is in line with an external isomorphic perspective in institutional theory, in that organizational behaviours are influenced by local institutional contexts (DiMaggion and Powell, 1983; Sparrow et al., 2004). Such perspective emphasizes the importance of the external environment in the host country and its influence on HRM in MNCs' overseas subsidiaries, taking account of the national culture, laws and regulations, industrial relations, traditions and norms. Similar to confederate HRM, the case MNC found to belong to the multidomestic quadrant is an M&A case acquired by a Chinese radio-networking company. It retained the whole HRM system and practices previously used. And the parent company showed less intention to participate in local HRM issues. As said by the Corporate HR Director in RadCo2, 'Acquiring this company was a big move in our internationalization process, especially in the UK market. So we were very careful when dealing with integration issues afterwards. Until now, we haven't made big changes to their whole operational systems, such as HRM. It seems to work well and we don't want to stir up any local resistance or worries because of unnecessary changes affecting the organization or employees. So changing nothing is the best choice, at least for now.' The local HR manager also reported, 'Most of our company remains the same, our people and policies. They didn't ask us to change a lot so as to be more like them.'

Highly localized HRM policies and practices are similar to the previously identified IHRM approach of 'adaptive' HRM (Taylor et al., 1996) and 'polycentric' HRM (Heenam and Perlmutter, 1979). It mainly focuses on differentiation in HRM strategies between the parent company and overseas subsidiaries. This HRM approach emphasizes a high level of external consistency with subsidiaries' local environments and a low level of internal consistency with corporate strategy. Thus, such MNCs tend to use locally devised HRM policies and practices and prefer local employees.

Meanwhile, these subsidiaries can be managed independently, with little intervention from headquarters. Accordingly, such a multidomestic HRM approach is more likely to pertain in foreign subsidiaries that are heterogeneous in their product and service markets with their parent company, because they need to dedicate themselves to serve local demands regarding tastes, standards and brand recognition (Fan et al., 2016).

Being consistent with localized intentions as regards HRM policies and practices, multidomestic MNCs also tend to grant sufficient authority to their subsidiaries vis-à-vis their local decision-making and operations. The staffing policies of such MNCs include preferring to employ local workers and seldom assigning expatriates to subsidiaries to fill senior management posts. In this way, management and operations mostly depend on the local base and local employees. This host country-oriented HRM is considered helpful to minimize culture and language barriers that might arise in international management. Furthermore, it is suggested that local HRM in subsidiaries is affected by local situational contingencies, the host country's complexity and socio-cultural dynamism increase the need for local managers to be fully authorized in local decision-making so as to respond to local environmental changes (Ghoshal and Nohris, 1989; Luo and Peng, 1999; Luo, 2003; Fan et al., 2016). As the Corporate HR Director in RadCo2 explained, 'There are none of our managers in the company, we don't want to participate too much in their management. They can decide what to do and how to do it on their own. They don't need to report everything in detail and ask for permission. If they really need to communicate with us, they can just contact us or … we also have an organic subsidiary there in the UK, they may have more connections with the country manager rather than with us. Most of the time they can decide on a local basis.'

It was also found in the data that such MNCs tend to use lower levels of control and reporting in their HRM, and their communication with parent companies is less frequent. Integration from headquarters mainly stays at the information level. For example:

‘Our connections haven’t been very deep at the management level. We are quite independent and can keep the same autonomy we used to have. However, there is necessary information the parent company may want to know, such as the financial conditions and employee information. We have reported this information during the acquisition period. But we haven’t developed a plan for the future, like integration.’ (RadCo2: Local HR Manager)

A similar highly divergent and independent HRM approach is described in Cooke’s (2012) case study. It is shown that when subsidiaries in developing countries are expanding very quickly, it is difficult for their parent companies to deal with all the emerging demands and problems they encounter at the local level. Thus, it is better to grant full authority to subsidiaries so that they are responsible for their local operations and development. In this study, a multidomestic HRM approach was found in a newly acquired Chinese MNC with less internationalization experience, especially in M&A cases. Thus, the head of the parent company may prefer to adopt a more autonomous leadership style for its international management and rely heavily on the professional ability and experience of the country manager to cope with conditions in the host country. Since this acquired case company does not have an expatriate manager in its subsidiary, many local management issues are communicated to the general manager of the other organic subsidiary in the same country. As explained by the general manager at RadCo2, ‘We didn’t have many acquisitions before. Most of our internationalization is through establishing greenfield subsidiaries directly in the host country. So the parent company may also have no idea about how to handle the relationship with such subsidiaries … or maybe they just have little intention or even didn’t have the idea of ‘systematic integration’ in mind. So we can decide on our own … for this acquisition, I have had several meetings with them, but most of the time I just listen to their reports and problems and don’t participate too much in their management, unless there is communication needed between headquarter and this subsidiary, in which case I will act as a mediator.'

Additionally, it was reported by the interviewees that this acquisition shows particular strategic asset-seeking motives in the UK market. The strategic intention shows the more complicated internationalization motives of Chinese MNCs. It is suggested that strategic assets emphasize the maximum of overall development and performance from a global strategy perspective rather than simply focusing on efficiency, economies of scale and management (Globerman and Shapiro, 2009). The strategic intention is more obvious in the internationalization activities of EMNCs in developed countries and may prefer a higher level of localization and autonomy. This multidomestic case also shows a similar strategic intention to expand its market to a certain public security area and align with external legislation in the UK:

'Actually, we acquired this company in consideration of easier access to the market in the public security area. In the past, we have tried to use our organic subsidiaries to foster contacts and get involved but failed. You know, the public security area is very sensitive and has been strictly controlled by government. It was difficult or even impossible for us to get access. But this company, it was part of the supply chain and had a close relationship with government. So our acquisition helps us open the door. We will then have more collaborations in productions and exhibitions in the future. But we will let them control and manage their own operations. This is just another way to get round the legislation.' (RadCo2: General Manager)

Proposition 6: Subsidiaries' rapid expansion and special strategic purpose in the host country market give rise to multidomestic HRM strategies in subsidiaries of Chinese MNCs.

Table 6 Description of Chinese MNCs' IHRM types

IHRM type	HRM practices localization	HRM Autonomy	Typical Cases
Global IHRM	Highly standardized strategy and practices; Headquarter regulates detailed HRM guidelines, standards and procedures	Centralized control from the HQ; Multiple levels of reporting, monitoring and control mechanisms; Senior managers are mainly Chinese expatriates	TeleCo1; TeleCo2
Transnational HRM	Highly standardized HRM strategy and practices; Headquarter regulates detailed HRM guidelines, standards and procedures	Relatively higher level of autonomy; Simpler and less levels of reporting, monitoring and control mechanisms; Much less or no expatriates	MedCo1; RadCo1
Opportunistic Dual HRM	Parallel HRM systems and practices; Global HRM practices for expatriates and local HR management for local staff	Centralized control from the HQ; Multiple levels of reporting, monitoring and control mechanisms; Expatriate managers in each department	FinCo1
Passive Dual HRM	Hybrid HRM; Mainly relying on a local hired Chinese HR manager to design the HRM practices for the entire company with certain home-country characteristics	Relatively higher autonomy; Simpler and less levels of reporting and monitoring system; Focus more on the output(result) control; Expatriate CEO	TeleCo3
Confederate HRM	Independent HRM practices; Keep most of the previous HRM practices and staff while introducing and sharing opinions of the practices from the HQ	Relatively less autonomy; Increased multiple levels of reporting, monitoring and control mechanisms; Expatriate Chairman and management team	FinCo2; RetCo1
Multidomestic HRM	Independent HRM practices; Keep most of the previous HRM practices and staff; Integration stays at the information level	Highly autonomous; No expatriate; Mainly focus on the result based control and reporting	RadCo2

4.2 Antecedents of IHRM in Chinese MNCs within the localization-autonomy framework

4.2.1 Headquarters' integrative capability

It is observed that MNCs' integrative capability is an important influencing factor on headquarter-subsidiary relationship regarding HRM autonomy. As is shown in Table 7, the possession of high integrative HRM capability in the headquarter is associated with low HRM autonomy in overseas subsidiaries, and vice versa. Extant studies of IHRM within resource-based view and organizational learning perspective mainly discuss MNCs' heterogeneous resources and capabilities within firms and their influence on the integration of HRM practices in MNCs (e.g. Szulanski, 1996; McWilliam et al., 2001). According to such studies, it is assumed that MNCs with more resources and capabilities are more likely to integrate IHRM practices on a global scale (Schuler et al., 1993; MacDuffie, 1995; Grant, 1996; Teece et al., 1997; Fey and Bjorkman, 2001, Evans et al., 2002). However, according to the data collected in this research, instead of having an important impact on the integration or localization of IHRM policies and practices, the level and type of MNCs' capabilities in the case companies are found to have a more obvious influence on the degree of HRM autonomy and the variety of control mechanisms utilized in subsidiaries. In line with related research on MNCs' capabilities and IHRM, HRM integrative capability is used to refer to related HRM resources and capabilities of MNCs. And integrative capability is classified into the possession and utilization of three types of capital: organizational capital, social capital and human capital, drawing on the previous work of Morris et al. (2005). Table 8 and Table 9 show the complementary data of headquarters' integrative HRM capability and subsidiaries' HRM autonomy individually with related representative informants' quotes.

Table 7 Overview of headquarters' integrative HRM capability and HRM autonomy

Case Company	Sub's HRM autonomy	HQ's integrative HRM capability	IHRM type
TeleCo1	Low	High	Global HRM
TeleCo2	Low	High	Global HRM
FinCo1	Low	High	Opportunistic Dual HRM
FinCo2	Low	High	Confederate HRM
RetCo1	Low	High	Confederate HRM
TeleCo3	High	Low	Passive Dual HRM
MedCo1	High	Low	Transnational HRM
RadCo1	High	Low	Transnational HRM
RadCo2	High	Low	Multidomestic HRM

Specifically, following the previous definition from Youndt et al. (2004), organizational capital is defined as the creation capabilities of institutionalized knowledge and codified experiences within an organization. Organizational capital is often reflected in the organization's dependence on databases and manuals to sustain knowledge, such as the development of organizational structures, processes and routines that facilitate the utilization of such knowledge (Hansen, 2002). In terms of IHRM, MNCs equipped with more organizational capital are more likely to devise comprehensive and detailed HR global policies and practices, with company-wide routines specifying which and how HRM practices are to be transferred and integrated across all overseas units, thus facilitating HRM control over subsidiaries. Such corporate HRM frameworks and practices are mainly designed and developed by a particular team within the HRM department in the parent company. In order to ensure the specialization of work across the whole HRM department, these MNCs share similar structures in their HR systems. For example, the COE-BP-SSC model is a commonly used IHRM system in such MNCs as TeleCo1, TeleCo2 and RetCo1. The HR COE (Centre of Expertise) is usually a group of HR professionals, in particular HRM areas, who play a critical role in the creation of corporate HR policies. The COE relies on the professional skills and expertise within the department to devise guidelines for related HR functions with specific business characteristics, create specific and differentiated HR policies, procedures and projects, and provide technical support to HR managers and the BP team. HR BP (Business Partners) is a particular team that aims to serve and satisfy the needs of customers. Overseas subsidiaries are seen as internal customers or partners of the company. Meanwhile the HR SSC (Shared Service Centre) is typically responsible for providing regular advice, particularly to employees and managers of the company, thus increasing the efficiency of the whole HR operation by releasing HR BP and COE from daily and detailed HRM issues. As the corporate HR manager in TeleCo1 said, 'The HR system in our company is developed by our COE team, I'm not sure if you have heard about it. The three-pillar model is a very popular HR system used in many companies, especially big MNCs like us. Our COE team has a regular development cycle to review and update HR policies and facilitate the development of the company … and in order to differentiate HRM practices to comply with specific laws and regulations in different countries, our BP team works closely with subsidiaries to help establish and implement our global HRM policies and practices.'

Developed HR routines contain details about what HR practices must be adopted by overseas subsidiaries and how practices should be shared to improve the efficiency of HR integration. In order to ensure that corporate HR requirements are successfully shared across subsidiaries, a higher level of control will be maintained by the parent company, with multiple control mechanisms to facilitate integration. Specifically, it is common to observe a well selected professional expatriate team in subsidiaries. By using large numbers of qualified expatriates and having careful monitoring of recruitment procedures (input control) in subsidiaries, parent companies are more likely to explain their HRM requirements to subsidiaries and predict local development from the beginning. As the local HR manager in FinCo1 said, 'Our parent company will select suitable expatriates for a certain period, usually two years. The expatriate positions in subsidiaries are open to applicants and we set some criteria to determine who are suitable employees to go to overseas subsidiaries, such as language skills, international experience and family situation … we also have our own recruitment standards and procedures here for local people; we need to input recruitment information, like an applicant's background, position requirements and selection conditions, using our internal HR system. Then, headquarter will review this information and sometimes make some suggestions for recruitment in senior positions.'

Similarly, these MNCs usually have their own particular HR information systems within the organization to provide a uniform platform to share and monitor the HRM process, practices and routines. By collecting necessary HR information through the HR system during the implementation process, the parent company can have a clear overview of the state of HR development in subsidiaries and ensure their HR operations and practices are implemented according to the parent company's strategies. As the HR manager in TeleCo2 said, 'Well, I can say that our HRM policies and practices are very well designed, with many details, including every procedure and routine in each HRM function. Every step in our HR issues is required to meet certain standards. So we have a really close relationship with headquarters … the main communication method to discuss HR issues is through our HR system, they can review most of the HRM information on it, such as employees' personal information, performance and evaluations, and their pay-package plans … and if there are any complex HR issues that can't be fully explained by the system or some urgent HR problems, we will also discuss them via Skype or telephone to solve problems promptly. There are specific HR specialists in the corporate HR department at our headquarter who are responsible for communicating with us.'

In contrast, MNCs with less organizational capital are less able to create word-wide HRM practices for their overseas subsidiaries because of a lack of local information and international experience. They mainly grant autonomy to subsidiaries to design and implement their own HRM policies and practices in host countries, since they believe that local managers have a better understanding of professional and institutional HR information in the host country. Thus, the parent company is more likely to have loose HR guidelines for subsidiaries to provide HR direction, and some critical requirements or goals they need to achieve. The communication between parent companies and subsidiaries is less frequent, mainly through the IT reporting system or annual HR evaluation activities. As the Corporate HR manager in TeleCo3 explained, 'We do have a HR handbook for overseas subsidiaries, as well. But it's just guidelines. The local HR system should be different, they have local regulations to follow so we don't think we can design it for them. So we choose to grant sufficient trust and autonomy … of course we need to monitor their operations, but only for some necessary and critical information. As long as they achieve the objectives and goals we set them, we will not participate too much in their management.'

In addition, social capital is defined as the integration capability embedded in social networks (Nahapiet and Ghoshal, 1998). The social relationship between MNCs' parent companies and overseas subsidiaries has been found to have an important influence on the level of HRM autonomy. The successful integration of HRM is highly dependent on the relationships between headquarters and subsidiaries, based on mutual trust and shared values. Such mutual trust and shared values are typically reflected and transferred as the organizational culture of MNCs. In this study, it is shown that the case companies with a strong organizational culture are more likely to maintain a higher degree of HRM control over their overseas subsidiaries, such as TeleCo2, FinCo1, FinCo2 and RetCo1. For example, it was mentioned many times in the interviews that organizational culture is critical for not only the domestic parent company but also overseas subsidiaries as well. The organizational culture has an important impact on the behaviours and activities of employees and the organization. As the head of corporate HR in TeleCo2 said, ‘You may know the culture in our company, the ‘Wolf’ culture. Yes, our rapid growth and success in the international market rely heavily on the unique and corporate culture of our company. Our culture puts much emphasis on a courageous and offensive spirit, innovative minds, prioritising customers and efficient management. These are widely shared values in our company. You can do a test, randomly ask some employees in our company, I think everyone can tell you a story about our history and organizational culture. We have tried hard to create an environment in our company where employees have a common goal. For example, we put great emphasis on our culture in the employee handbook, in training and also on our other public platforms, such as our website, annual reports and other forms of advertising. So not only our own employees but also our rivals within the industry, our customers and the whole public can have a better understanding of and trust in our company.’

Among those MNCs with a higher level of control, the HR departments in headquarter and subsidiaries play a leading role in sharing such common goals and values amongst employees. As the local HR manager in FinCo1 related, ‘When new employees are recruited, we organize an induction training event. The organizational culture is a central part of training. During training, we normally introduce the history of our company, basic working procedures, regulations regarding behaviours, our organizational structure, working responsibilities and organizational culture. In doing so, we hope that new employees can fit into our community more quickly and improve their sense of belonging and loyalty. Other more specific professional training is typically organized by their own department or we collaborate with them to organize training lectures as well.’

Specifically, how HR departments build employee teams with a strong identity and culture is important. A systematic organizational structure is required to create an appropriate atmosphere for a shared culture. A good example is TeleCo1, as the head of Corporate HR introduced, 'We have a special system to build teams in subsidiaries through the Human Resources Committee. The first layer is located at our headquarters, comprising the big boss and other directors of each system, about 20 people, and then second, third and fourth layers with different levels of responsibility and authority. So we have a very clear division of responsibilities in each layer of committees and subsidiaries. For example, the HR departments in overseas subsidiaries are usually in our third or fourth layer of committees, with about 7–8 people. What they usually handle is authority distribution, a system for awards and bonuses, dividends rights, assessments of pay and benefits, all decided by committee discussions, not by a particular person. So it creates a good atmosphere, it's also a kind of culture. The regulations are limited but the culture is not. But, of course, the establishment of a culture is a painful process, it's based on the experiences of generations of people and development.'

Thus, why MNCs with strong social capital and organizational culture can maintain a higher level of control? A key insight is that shared values and a sense of mission can facilitate headquarters' control over subsidiaries by building a motivational environment among employees. Such an organizational culture is reflected in specific HR policies, especially in performance and evaluation policies. Such MNCs usually have a well-developed performance evaluation system across the whole corporate structure that regulates specific performance dimensions and targets with related rewards. Thus, employees can have a better understanding of periodic work objectives and potential rewards if they achieve targets, thus encouraging employees to work harder. In this way, the parent company can retain control over subsidiaries from the outset. An outstanding example is TeleCo2. As the HR manager explained, 'Assessment and evaluation are really important in TeleCo2. I can say that management mostly depends on assessments. The performance standards vary for individual employees. Every employee has his own KPI (Key Performance Indicator) index, with specific standards for work achievements. These achievements are related to certain rewards. These rewards can be financial or spiritual, like the 'The Best Worker' appraisal awards every year … and evaluations are frequent, we have monthly, quarterly and annual evaluations to keep in close touch with the operations in each subsidiary. In this way, it's also beneficial for employees in terms of their self-improvement and career plans.'

Similarly, the output of HRM control based on a detailed evaluation system is also observed in the M&A case of RetCo1, it uses motivational output control as a critical method, especially for senior managers, to ensure the development of subsidiaries and that their employees comply with the international strategy of the corporation. As the Corporate HR Director said, 'We don't intend to make a lot of changes to their original people, policies and structures. Instead, we put more emphasis on cultural influence. But we do introduce our motivation system to an acquired company … the local company can design its mid-term and short-term motivational plans based on the salary structure of their normal employees, we do not participate in that. But we do provide a long-term motivational plan for senior executives with certain performance-related cash equities, stock options or a combination of the two.'

In contrast, MNCs with less social capital lack communication and interaction between the parent company and overseas subsidiaries. The loose relationship between headquarters and subsidiaries makes it difficult or even impossible to create a shared organizational culture across the corporation. Instead of having an overall corporate culture within the MNC, subsidiaries are more likely to have their own organizational culture according to the specific country in which they are located. Along with this diversified organizational culture, the parent company may grant more autonomy to their overseas affiliates so that they can determine their daily operations and management practices, since headquarters cannot have comprehensive information about the environment and organizational atmosphere. A typical case in this study is

MedCo1, as the general manager in the UK subsidiary said, ‘In fact, what is the organizational culture in MedCo1? I’m not sure about that. We don’t have a very clear identity to explain and transfer it. Maybe just a kind of … sense. First, we are young, we are energetic, we can feel our way, we keep moving forward. But why is that? And what are the cultural genes in MedCo1? I don’t know. But if you ask about the culture in this subsidiary, I think it’s more like a country culture, not a specific organizational culture. We respect and follow the culture and traditions in host countries.’

The HR departments in these MNCs play a less important role in creating and transferring organizational culture. As one country manager said, ‘Our culture here is mainly led by the country manager and business department, not HR. They don’t participate much in the business part, not like the people in the business department, they work together every day. The collaborations, problems and atmosphere within each team, they (HR) don’t participate in this, so they don’t know much about this specific information to build a culture framework.’

Therefore, rather than having a detailed and frequent performance-evaluation system for subsidiaries, these MNCs tend mainly to focus on general standards and targets for subsidiaries to refer to. As long as these targets are reached, the parent company is less likely to participate in specific management in subsidiaries and won’t generally specify how to achieve these targets. The subsidiaries are quite autonomous in deciding their HR issues within the company. For example, as the HR manager in TeleCo3 said, ‘Headquarter only has brief guidelines for the performance evaluation, so I design individual evaluation forms after discussions with the head of each department. Basically, the level of autonomy is very high in our company, I mainly discuss HR issues with our country manager and make decisions at the local level. Of course. headquarter has certain goals for us. They care greatly about this but won’t intervene much in our management.’

Furthermore, human capital with experience and knowledge is another important source of MNCs' integrative capability (e.g. Teece, 1977; Szulanski, 1996; Tsai, 2002). Human capital is directly related to the use of expatriates in subsidiaries. The positions and number of expatriates are critical control mechanisms to maintain global integration of overseas management. According to the data in this study, MNCs that have more human capital with rich international experience are more likely to assign a large number of expatriates to help facilitate the control relationship between the parent company and foreign subsidiaries. These subsidiaries' key and senior managerial positions in critical departments are usually filled by expatriates to ensure that headquarters can closely monitor the operations in subsidiaries. Expatriates mainly have a certain international living or management background. They can transfer and explain instructions and policies from headquarters more quickly and correctly to subsidiaries. For example, the heads of each department in TeleCo1, TeleCo2 and FinCo1 are all expatriates from their parent companies. As the HR manager in FinCo1 said, 'We have expatriates in each department, they are responsible for the overall management of the department and communication with headquarter. Most of them have expatriate experience or a foreign education background. So there won't be many problems with them working abroad. But we also ensure that there are local managers as well to help with the management of local issues and employees.'

Since there are large numbers of expatriates in these companies, some of them have produced a series of supporting policies concerning the management of expatriates. For instance, these MNCs tend to recruit a large proportion of talents with international education or work experiences every year to expand their talent pool. They also produce specific HR plans for their expatriates during foreign assignments that regulate their secretaryship, pay packages, living compensation and career plans after expatriation. These HR policies ensure expatriates' interest and motivate them to take on foreign assignments. As the Corporate HR Director in TeleCo2 said, 'We have a lot of expatriates working abroad. They have some additional HR regulations. For example, one term of expatriation usually lasts two years. We make additional payments for their foreign living costs. And they can remain in the same position or even get promotion after expatriation. We try to ensure their welfare, so they will be glad to take the job.' While in RetCo1 and FinCo2, since they are M&A companies, it is less likely that they will change original employee structures and bring in large numbers of expatriate managers. However, they both assign an expatriate team and increase the authority level in subsidiaries to retain centralized control. As the General Manager in FinCo2 said, 'Now the heads of the finance, business and HR departments are our people. We have kept most of the employees to retain the same structure. They can still do the same things they used to do. But they have to report to us regarding critical decisions.'

In contrast, MNCs with less human capital are less likely to assign large numbers of expatriates to overseas subsidiaries. Subsidiaries are allowed sufficient autonomy to decide their management at the local level. Typically, there is only one expatriate country manager who is responsible for all operations of subsidiaries within the country. These MNCs usually do not have a big pool of qualified international talents in the parent company. These expatriate country managers either have many years of international management or expatriation experience within the company or are employed in the host country. Unlike TeleCo2, these MNCs do not devise detailed career plans for these expatriates, such as the length of tenure. Expatriates can communicate with headquarters regarding their willingness to work in certain locations, secretaryships and salaries. As one general manager said, 'Before this job, I worked in the subsidiary in Germany for eight years. I know it's a long time. We don't have a fixed term of office for expatriates. It's quite autonomous and depends on our wishes and the corporate strategy, you know, some people prefer to stay at headquarter because they want to develop more networks to get promotion, and some people like living abroad. And family issues are an important problem for expatriates as well.' As another general manager related, 'Actually, I'm not a typical expatriate manager. I was employed in the UK when I was studying for my PhD. But my contract is with the parent company and I have certain expatriate benefits.'

Proposition 7: Chinese MNCs that have higher levels of integrative HRM capabilities are more likely to allow for lower levels of HRM autonomy to their overseas subsidiaries than MNCs with lower levels of integrative HRM capabilities.

Table 8 Complementary data of headquarters' integrative HRM capability

Case Company	Headquarter's Integrative HRM Capability			Representative Informants' quote
	Organizational Capital	Social Capital	Human Capital	
TeleCo1	high, highly institutionalized HRM knowledge and codified manuals; widely shared structures, process and routines	high, close relationship and frequent communications between headquarter and subsidiaries; strong shared trust, value and identity	high, scientific IHRM system with different levels of HR managers; sufficient human talents with professional IHRM experience and knowledge; intentions of recruiting international talents	'Our HRM system is highly formalized.'(Corporate HR Director) 'We have many international HRM events for international HR managers to share and communicate global HRM system and overseas HRM issues.' (Corporate HR Director) 'The expatriate HR managers in each overseas unit are highly qualified from level two to level five' (Corporate HR Director)
TeleCo2	high, highly institutionalized HRM knowledge and codified manuals; widely shared structures, process and routines	high, strong social networks and close relationship between headquarter and subsidiaries	high, scientific IHRM system with different levels of HR managers; sufficient human talents with professional IHRM experience and knowledge	'We have a set of practices and routines that can be widely used in different areas in the world… while there will also be some local changes because of different situations and local legal requirements for specific HRM implementation.' (Corporate HRM director) 'Our international HRM team has a group of IHRM professionals who have international working experiences for years, they are familiar with foreign laws, regulations, economic and political conditions... so that they are able to find some fixed formats to achieve tight control.' (Corporate HR Director)

Table 8

(Continued)

Case Company	Headquarter's Integrative HRM Capability: Organizational Capital	Social Capital	Human Capital	Representative Informants' quote
FinCo1/ FinCo2	high, highly institutionalized HRM knowledge and codified manuals; widely shared structures, process and routines	high, strong relationship between headquarter and subsidiaries; frequent communications	high, corporate and regional HR departments with professional talents; Internal training and evaluation for expatriate HR managers	'The parent company has produced a set of global HR policies that can be referred.' (Corporate HR Director) 'We have particular overseas HR teams, we also have special HR professionals in each HRM functions such as promotion and pay.' (Corporate HR Director) 'The communications between us are very frequent, if necessary we even have daily contacts.' (Local HR Manager)
RetCo1	high, systematic transferrable and codified HRM manuals	high, close relationship between headquarter and subsidiaries; frequent communications	high, corporate HR department with professional talents; sufficient human talents with professional IHRM experience and knowledge	'Besides this project, our corporate HR team also creates several special IHRM systems for international integration such as 'Climograph Model' and 'Double Ten Plan'.' (General Manager) 'There are monthly HR group calls, meetings and quarterly HRM reports with headquarter.' (Local HR Manager) 'We have so many subsidiaries, so we hired many professional expertise to deal with overseas HRM operations especially in M&A units.' (Corporate HR Director)

Table 8

(Continued)

Case Company	**Headquarter's Integrative HRM Capability**			**Representative Informants' quote**
	Organizational Capital	**Social Capital**	**Human Capital**	
TeleCo3	low, limited transferrable and codified HRM manuals; self-designed structures and routines in subsidiaries	low, loose relationship with headquarter; closer connections with regional centers rather than headquarter	low, Corporate HR department mainly responsible for domestic HRM; limited particular HR professionals for overseas HRM integration	'Our HR department in parent company mainly deals with the HRM issues in the domestic operations.' (Corporate HR Director) 'We don't have very frequent communications with subsidiaries, international level big HR events are very limited.' (Corporate HR Director) 'We have …let me see…only 2 people to work on the international part of the HRM in overseas subsidiaries.' (Corporate HR Director)
MedCo1	moderate, less institutionalized and codified HRM manuals; certain authorization in subsidiaries to design HRM policies and practices according to local laws and regulations	low, less frequent communications with headquarter	low, less IHRM professionals in corporate HRM department; no professional expatriate HRM manager	'We have produced a set of global HRM policies for subsidiaries to refer the guidelines and framework. But they have certain authorization to determine the detailed practices.' (Corporate HR Director) 'Our communications are not so frequent, generally we will have a monthly phone call or skype meeting to communicate HR problems.' (Local HR Manager) 'Our corporate HR department is not very big, Just five people… They are responsible for different HR functions and regions.'(Corporate HR Director)

Table 8

(Continued)

Case Company	Headquarter's Integrative HRM Capability			Representative Informants' quote
	Organizational Capital	**Social Capital**	**Human Capital**	
RadCo1/ RadCo2	moderate, less transferrable and codified HRM manuals; certain authorization in subsidiaries to design HRM policies and practices according to local laws and regulations	low, less frequent communications with headquarter	moderate, less IHRM professionals in corporate HRM department; no professional expatriate HR manager	'Our company has several necessary approval points...different level of employees will have different authorizations in the whole HRM system, we use this system to monitor the local operations. They can design local HRM practices within the framework.' (Corporate HR Director). 'Foreign HRM issues can be mostly remain at the subsidiary. The CEO and local HR manager can report to us critical issues.' (Corporate HR Director) 'We have no particular HR specialists to our subsidiary...the only one is our country manager.' (Local HR Manager)

Table 9 Complementary data of subsidiaries' HRM autonomy and control mechanisms

Case Company	Subsidiaries' HRM autonomy	Control mechanisms			Representative Informants' quote
		Input control	Behaviour control	Output control	
TeleCo1	Low	Careful and systematic selection and training of overseas HR managers; Monitoring subsidiaries' recruitment and selection process	Detailed procedure required in each HRM function; Expatriate CEO and HR manager	Setting regular goals and budgets; Monitoring performance and evaluations	'The basic role of our subsidiary is to serve the headquarter.' (General Manager) 'We have strict requirements for our HR BPs and expatriates.' (Corporate HR Director) 'They (HQ) will monitor our daily operations, business performance, we have to communicate every day.' (Local HR Manager) 'Our overseas employees' performance is clearly related with organizational goals and bonus.' (Corporate HR Director)
TeleCo2	Low	Careful and systematic selection and training of overseas HR managers; Monitoring subsidiaries' recruitment and selection process	Strict HRM process requirement; International and regional HRM committee; Expatriate CEO and HR manager	Setting regular goals and budgets; Monitoring performance and evaluations	'The headquarter or the corporate has the absolute control.' (Corporate HR Director) 'The senior management positions in subsidiaries will mostly held by Chinese people and expatriates.'(Local HR manager) 'We have multiple methods and levels of control and reporting line, critical monitoring points, international HRM teams and expatriate HRs.' (Local HR manager) 'We emphasize 'work hard, earn more'.' (Corporate HR Director)

Table 9
(Continued)

Case Company	Subsidiaries' HRM autonomy	Control mechanisms: Input control	Behaviour control	Output control	Representative Informants' quote
FinCo1	Low	Careful and systematic selection and training of overseas HR managers; Monitoring subsidiaries' recruitment and selection process for senior managers	Certain but limited HRM process required; Expatriate CEO and HR manager	Setting regular goals and budgets; Monitoring performance and evaluations of expatriates	'In the HRM domain, we have multiple levels of control system for our overseas subsidiaries. It's important.' (Corporate HR Director) 'We have many expatriates to help us monitor the operation of subsidiaries.' (Corporate HR Director) 'The performance have to be evaluated by our expatriates and headquarter.' (Local HR manager)
FinCo2	Low	Careful and systematic selection and training of overseas HR managers	Certain but limited HRM process required; Expatriate CEO and HR manager	Setting regular goals and budgets; Monitoring performance and evaluations of expatriates	'We have added several management levels and teams into the previous management framework to improve control.' (General Manager) 'The parent company has assigned several expatriate managers in some key departments including HR Managers...uh yes including me.' (Local HR Manager) 'After the changes in the management levels, the decision-making especially those critical issues have to be approved by the parent company.' (Local HR Manager)

Table 9

(Continued)

Case Company	**Subsidiaries' HRM autonomy**	**Control mechanisms**			**Representative Informants' quote**
		Input control	**Behaviour control**	**Output control**	
RetCo1	Low	Careful and systematic selection and training of expatriates and overseas HR managers; Monitoring subsidiaries' recruitment and selection process using internal IT services	Monitoring via Internal IT services ; Expatriate chairman	Introduction of long-term motivation system; Setting goals and KPI standards; Linking working outcomes with clear motivative rewards	'Typically, we have a 'one hundred days project' to increase the integration in each M&A case.' (Corporate HR Director) 'During the project, we will work on the interconnections of different departments and functions including the process of HRM control.' (Corporate HR Director) 'The employee information and further recruitment are monitored, especially senior managers.' (Corporate HR Director) 'We are now using new performance requirements from headquarter.' (Local HR manager)
TeleCo3	High	Limited Monitoring of subsidiaries' recruitment and selection process through the report of country manager or annual HR report	Expatriate CEO	Setting organizational goals and standards	'I can say that the HRM in foreign subsidiaries is highly decentralized.' (Corporate HR Director) 'Only the CEO is from headquarter to take care of subsidiaries' overall operation and management.' (Local HR manager) 'We only have requirements for subsidiaries on organizational goals.' (Corporate HR Director)

Table 9
(Continued)

Case Company	Subsidiaries' HRM autonomy	Control mechanisms			Representative Informants' quote
		Input control	**Behaviour control**	**Output control**	
MedCo1	High	Annual training and meetings for overseas HR managers	Expatriate CEO	Setting organizational goals and standards	'We do have some global HR requirements but not too many.'(Corporate HR Director) 'They (local HRs) will come to our headquarter once a year to review past year's performance and next year's plan.' (Corporate HR Director) 'We barely send expatriates to overseas units except for CEOs'(Corporate HR Director)
RadCo1	High	Monitoring recruitment and selection via internal IT system	Expatriate CEO	Setting organizational goals and standards	'We don't want to give them too many restrictions.'(Corporate HR Director) 'We only control the general performance of the companies and departments.' (Corporate HR Director)
RadCo2	High	Annual meeting with HR managers	No particular behavior control	Setting organizational goals and standards	'We haven't sent any expatriates and managers to the company, the country manager in the UK site is currently taking care of it... but not too much in daily operations and management.' (Corporate HR Director) 'The main focus of the control is more about their integration at information level and the benefits it can bring to us.'(Corporate HR Director)

4.2.2 International Strategy

This study has also observed that MNCs' international strategy plays a crucial role in the HRM autonomy relationship between headquarter and subsidiaries. Extant research on IHRM from institutional theory and resource-based view has focused on MNCs' international strategies and revealed their relationship with IHRM control. In particular, it is suggested that MNCs that have a global strategy in their internationalization activities are more likely to retain centralized and tight control over their IHRM, while MNCs that have a multi-domestic strategy are more likely to demonstrate decentralized and autonomous control in their overseas operations (e.g. Bartlett and Ghoshal, 1989; Sundaram and Black, 1992; Welge, 1996; Harzing, 2000; Harzing 2002). According to existing perspectives, the two types of international strategies, a global strategy and a multi-domestic strategy, are mainly identified by MNCs' product standardization or diversification. Specifically, a global strategy focuses on standardization, aiming to deliver the same or similar products in global markets and manage international cash flows (Ghoshal, 1987). Meanwhile a multi-domestic strategy focuses on diversification and being locally responsive to deliver different products worldwide (Prahalad and Doz, 1987). However, what is lacking is how and why these international strategies influence HRM control in an empirical IHRM context. Thus, in this research, according to the data collected during the interviews, it is found that MNCs' international strategies are reflected not only in product and service strategies but also in market and competition strategies and have an important influence on the level and type of IHRM control in Chinese MNCs. Table 10 shows the overview findings of MNCs' international strategy and HRM autonomy. Complementary data of MNCs' international strategy with descriptions is represented in Table 11.

Table 10 Overview of MNCs' international strategy and HRM autonomy

Case Company	Subsidiaries' HRM autonomy	MNCs' international strategy	IHRM Type
TeleCo1	Low	Global Strategy	Global HRM
TeleCo2	Low	Global Strategy	Global HRM
FinCo1	Low	Global Strategy	Opportunistic Dual HRM
FinCo2	Low	Global Strategy	Confederate HRM
RetCo1	Low	Global Strategy	Confederate HRM
TeleCo3	High	Multidomestic Strategy	Passive Dual HRM
MedCo1	High	Multidomestic Strategy	Transnational HRM
RadCo1	High	Multidomestic Strategy	Transnational HRM
RadCo2	High	Multidomestic Strategy	Multidomestic HRM

First, following the traditional definition, a global product strategy tends to integrate and standardize products in order to promote the efficiency of MNCs worldwide. Subsidiaries of these MNCs act as pipelines of production and strategies of the parent company. Thus these subsidiaries are more likely to comply with decisions from the parent company and to have a lower level of autonomy in HRM issues. A good example is TeleCo1, where products are designed and produced on a global scale. The corporation has its own global production and services system. The parent company oversees the main research and development role in product design. And subsidiaries rely heavily on the parent company to distribute standardized products and services. In this way, the company can pursue economies of scope and scale in a cost-efficient way. As the general manager in the subsidiary said: 'In our high-tech industry, the core competitiveness of a company hinges on its products and services. We have to invest a lot in research and development to design our products. And we have an internationally uniform platform for production design and development, which is basically integrated at headquarters. Since the company has a clear division of responsibilities and the parent company tends to integrate the main R&D and production roles, overseas subsidiaries are less likely to respond actively to local markets and the environment in terms of products. As an executive said, 'The big multinational companies in the telecommunication industry mainly have their own global production systems. it is impossible for us to produce new and particular products when we enter a new market.'

A global product strategy is directly related to the use of expatriates as the main HRM control mechanism. Necessary information about products can be transferred from headquarters to subsidiaries through expatriate managers and their expertise to serve local markets and customers. The parent company, on the other hand, also needs to collect information about local markets and overseas operations to be able to respond to specific problems regarding products and services. For example, in order to secure necessary information transfers and communication between the parent company and overseas subsidiaries, TeleCo1 exercises centralized HRM control over its foreign subsidiaries and uses large numbers of expatriates. As the local HR manager said, 'Over 40% of our employees are expatriates. Except for the managers of key departments, most expatriates are engineers and professionals with product knowledge. We need professional expatriates to share information about products in order to offer appropriate services to our local customers. You know, sometimes, selling products is not the be-all and end-all. After-sales service is important as well. We need local employees to have better communication with customers, and at the same time professional assistance from expatriate engineers is also necessary ... those expatriates go back to the parent company for training when new products are coming onto the market, or headquarter assigns new expatriate engineers to subsidiaries. And since there are many expatriates in the subsidiaries, the local HRM is more complex, so we need to keep a close relationship with headquarter to coordinate HRM issues.'

A multi-domestic product strategy tends to differentiate products and services to comply with preferences and requirements in host countries. Such companies with a multi-domestic product strategy are more likely to grant substantial HRM autonomy to their overseas subsidiaries in order to respond actively to local markets and the local environment. A typical example is RadCo2, where subsidiary's products and services are diversified compared to those of the parent company. The subsidiary engages with local markets to provide products different from those at headquarter. Since the main focus of the company is to serve the demand for products and services in the market in the host country, it has developed its own network in the local market. Thus, it has to allow space for subsidiaries to decide on their own HRM activities and their own employees to react quickly to demands in the host country before everything is understood by headquarter to avoid time loss. As the Corporate HR Director in RadCo2 said: 'After years of development and growth, the subsidiary has already developed its own way to manage local business and local employees in the host country. Take this UK subsidiary for example, it even got access to the government and official institutions with its own products, which is really difficult for foreign companies like us. The radio and communication industry is sensitive to every country, so we need to be very cautious in our overseas operations … so we try not to intervene too much in operations and management in foreign subsidiaries, in case our participation causes unexpected problems.'

In terms of international market strategy, a global market strategy is defined as one that aims to connect national markets and seeks to expand the scale of economy in the world market. Such overseas subsidiaries have their own specific strategic roles in the internationalization process to expand global markets. A good example is TeleCo2, the UK subsidiary of TeleCo2 plays a critical role in overall expansion in European market. To be specific, the UK market, as one of the most important economic centres, is a good starting point and a benchmark, not only in the European market but also in global markets. Using the success of the UK subsidiary as a standard and example, it will be easier and quicker for MNCs to be established and develop in other markets. Thus, MNCs tend to emphasize HRM control over their subsidiaries in these key markets to ensure their activities comply with the corporation's overall objectives and to build an

HRM 'role model' for other subsidiaries. As the general manager in TeleCo2 said, 'The UK market is still the bridgehead of the whole European market. This is because, first, in the telecommunication industry, the UK still holds an important position in defining today's global standards. For example, global telecommunication criteria in the IT industry were devised by the British. So the UK can be seen as the 'commanding heights' and a bridge in Europe. That is to say, if you can successfully build a mature market and subsidiary in the UK, other markets in Europe may accept the entry of the company much more readily. Because they will think that if you have been accepted in the UK market, then the level of product management of the company must have reached a high standard, so that you can replicate the success seen in the UK in other markets more easily.'

Therefore, in order to connect markets across countries to achieve various strategic roles for different subsidiaries, the parent company tends to ensure centralized control, including HRM, over foreign subsidiaries to accommodate the activities of subsidiaries to serve their strategic goals. As the corporate HR manager in TeleCo2 said: 'Our control over each subsidiary is different because they may have strategic roles for our corporation, such as different growth paths, operation emphases and numbers of expatriates; but overall, critical decisions have to be made by our parent company to ensure the activities and directions of subsidiaries comply with the strategy of our corporation.'

On the other hand, multi-domestic market strategy mainly focuses on the exploration of local markets in host countries. Such subsidiaries usually operate separately on a national basis. Their main role and responsibility is to develop local networks to expand the local market, so that it is better to grant these companies more autonomy to decide local HRM issues as they serve local businesses, markets and dynamics. In this study, four companies, TeleCo3, MedCo1, RadCo1 and RadCo2 all show similar intentions in their international marketing strategies. For example, as the general manager of

RadCo1 said: ‘The business mode we have used from the beginning in our company is to focus on the development of local sales channels.’ These subsidiaries need to be autonomous in order to react quickly to local shareholders and the local environment. As the local HR manager in MedCo1 said: ‘We have our own business and marketing strategies here. Our HRM also needs to serve these local strategies. Basically, I can discuss our HR issues mainly with our country manager. The parent company won’t intervene too much in our HR management because they are not fully conversant with the specific conditions in our subsidiary and market in the host country. Headquarter trusts us enough to decide our own operations and daily management.’

Moreover, it is shown that subsidiaries’ IHRM autonomy is also related to MNCs’ competition strategies. A global competition strategy aims to engage in a high level of global competition with rivals on an international scale. Such MNCs are usually big leading companies in global markets that have a clear competition model within the industry and world markets. In this way, parent companies take a leading role in deciding subsidiaries’ partnership relationships and HRM activities, since humans are critical competitive resources for companies as well. Subsidiaries are required to follow centralized decisions made by headquarters effectively according to the competition dynamics. As the general manager in TeleCo2 said: ‘Management also depends on the competition structure in global markets. How many competitors do we have? Nowadays, there are only four leading companies in the telecommunication industry in the global market, including us. They are all big international players … so that, as subsidiaries, we need to follow the overall competition strategy of the corporation … for example, our headquarter already has its plan to decide which product lines to keep, which supply chains to collaborate with, what advertising modes to choose, what HRM and talent strategies we need to follow to support the overall operation and performance etc.’. Similarly, it was reported by the corporate HR director in FinCo1: ‘Our competition objectives are very clear. There are only a few big rivals at this level. Since we are big and well-known, we know each other quite well, let’s say we always keep an eye on each other. So sometimes we adjust or update our own HRM systems according to this competitive structure. And because we are so big, with so many subsidiaries, only if we have centralized control authority at headquarter can we ensure that subsidiaries are able to react quickly to these organizational updates and developments.

In contrast, a multi-domestic competition strategy emphasizes competing at the local level. Instead of having a clear competitive picture with global rivals, these MNCs tend to compete with domestic national firms in host countries. Parent companies are less likely to participate in the competing HRM strategies and activities of their overseas subsidiaries, so that subsidiaries enjoy a high level of autonomy and can determine their own local HRM operations and management to serve their local competition objectives. The data found in TeleCo3, MedCo1, RadCo1 show similar strategic trends. For example, as the general manager in MedCo1 said, 'Here in the UK, our main competitors are several local and international medical equipment providers. We have to build our own network with local hospitals. We need to get them to trust us, trust our equipment. This needs time, so we have hired a totally local team to help with this. At this stage, we don't need to care much about brand recognition in world markets, we focus much more on acceptance by local partners. They may not even know we are a foreign MNC … This is all our job, not headquarter's, so they won't know much about how we do this. The most important thing they care about is the outcome, the profits.' RadCo1 also shows similar local-based competition strategy in their IHRM: 'We do have our own competition structure and objectives in our industry at the corporate level. But for subsidiaries, it's very much based on local conditions. We don't participate much in their local management and operations. Most of the time, they collaborate with some consulting companies to obtain some local industry information in the host country to help make better decisions.' (RadCo1: Corporate HR Director)

Proposition 8: Chinese MNCs that have global strategies are more likely to allow for a lower level of HRM autonomy to their overseas subsidiaries than MNCs with multidomestic strategies.

Table 11 Complementary data of MNCs' international strategy and HRM autonomy

Case Company	Subsidiary's HRM Autonomy	MNC's International strategy and description	Representative Informants' Quote
TeleCo1	**Low**	**Global Strategy,** Standardized products worldwide; Systematic international market strategy with strategic roles in each market and subsidiary; Compete on global level with industry leaders in the world	'In the high-tech industry, the core competitiveness is our products and services. So we will have an internationally uniform production platform.' (General Manager) 'Our subsidiaries have their particular roles and objectives in the international market.' (General Manager) 'We also have to consider the global competition map, how many rivals do we have…we have to compete with them in the global level.' (General Manager)
TeleCo2	**Low**	**Global Strategy,** Standardized products worldwide; Inter-connected national markets and systematic international market strategy; Compete on global level with industry leaders in the world	'The multinational companies in telecommunication industry mainly have global production system, it is impossible for us to produce particular products when we enter a new market.' (General Manager) 'Our subsidiaries are part of our market expansion strategy.' (Corporate HR Director) 'Actually, our main competitors are not local companies but the international telecommunication leaders such as Nokia, Alcatel-Lucent, Ericsson ...and other leading companies...so we aim to become the industry regulator in the world.' (Chief Operational Director)

Table 11
(Continued)

Case Company	Subsidiary's HRM Autonomy	MNC's International strategy and description	Representative Informants' Quote
FinCo1/ FinCo2	**Low**	**Global Strategy,** Mixed product strategy: part standardized financial products and part local financial business products; Systematic international market strategy; Compete on global level with industry leaders in the world	'Our foreign subsidiaries have their extended businesses…and the acquired company is an investment bank, not the same business area as us but it's also a global bank.' (Corporate HR Director) 'Our UK branch is the center subsidiary in the Europe.' (General Manager) 'You know our bank is not only big company in China but also leading banks in the world.' (General manager)
RetCo1	**Low**	**Global Strategy,** Mixed product strategy: localized and different business area with headquarter in acquired company; Systematic international market strategy with M&A entry; Being part of the competitive strategy in the global level and aim to become global leading company in various industry	'We have acquired many companies ranging from traditional industry to high-tech and high-end industry, each of them has their specific role in the industry and market.'(General Manager) '…so our focus of investing is not only the scale and scope of economy...aim to become giant global company.' (General Manager)
TeleCo3	**High**	**Multi-domestic Strategy,** Standardized products worldwide; Highly localized market strategy embedded in specific local networks for sales channels; Basically compete in local level with domestic companies	'Our products and service are similar but there are some differences on standards.' (General Manager) 'While we focus on retail…it requires your own channel and networks in the local market…' (General Manager) 'Our main competitors are those local companies in retail.' (General Manager)

Table 11
(Continued)

Case Company	Subsidiary's HRM Autonomy	MNC's International strategy and description	Representative Informants' Quote
MedCo1	**High**	**Multi-domestic Strategy,** Standardized products worldwide; Being a 'white company' and highly localized market strategy embedded in specific local networks for sales channels; Aim to compete in industry and local market with domestic companies to become a 'local winner'	'We aim to provide our medical products to local partners.' (General Manager) 'We have to develop local networks to maintain our operation.'(General Manager) 'We do have an international level competition strategy. But subsidiaries can develop their own competition activities in the host country with partners.' (Corporate HR Director)
RadCo1/ RadCo2	**High**	**Multi-domestic Strategy,** Mixed products strategy; Highly localized market strategy and mainly responsible for local market; Aim to compete in local market with domestic companies and focus on unit-level strategy	'We invest a lot on R&D development on products and technology…We also have some collaborations with the acquired company for products.' (General Manager) 'We have to depend on the local distributors, dealers and sales networks to expand our production market.' (General Manager) 'The main 'battle ground' is here in the UK.' (General Manager)

4.2.3 Entry mode

As is shown in Table 12, this study indicates that entry mode is an important factor on the localization of subsidiaries' HRM practices. Entry mode as a critical investment choice for MNCs is a widely discussed topic in international business studies. However, unlike previous research from resource-based view and resource dependence theory, holding that entry mode has a critical influence on MNCs' IHRM control over their subsidiaries (e.g. Harzing, 2002), it is found that entry-mode choice has a more obvious impact on the localization of HRM practices. To be specific, MNCs that enter the UK market via greenfield investment have more intention to integrate their HRM policies and practices than M&A investment. Complementary data in HRM practice localization is further represented in Table 13.

Table 12 Overview of subsidiaries' entry mode and HRM practice localization

Case Company	Subsidiaries' entry mode	Subsidiaries'' HRM localization	IHRM Type
TeleCo1	Greenfield	Low	Global HRM
TeleCo2	Greenfield	Low	Global HRM
MedCo1	Greenfield	Low	Transnational HRM
RadCo1	Greenfield	Low	Transnational HRM
FinCo1	Greenfield	Moderate	Opportunistic Dual HRM
TeleCo3	Greenfield	Moderate	Passive Dual HRM
RadCo2	Acquisition	High	Multidomestic HRM
FinCo2	Acquisition	High	Confederate HRM
RetCo1	Acquisition	High	Confederate HRM

For greenfield investment, generally, parent companies act as regulators or integrators that provide their overseas subsidiaries with a certain HRM framework and guidelines to refer to when designing their own specific HR policies and practices. These HRM policies and practices are mostly based on professional HR models and prior international management experience. Subsidiaries are mainly followers that need to design their HRM systems based on a global HRM framework, though they can modify specific policies to adapt to local legal institutions and the local environment. As the Corporate HRM Director in TeleCo2 said, 'Most of our subsidiaries are greenfield and organic. They use our global HRM systems. Our HRM department has an international HRM framework and regulations that covers every aspect and level of HRM issues … It includes a set of requirements for HRM in subsidiaries, they can devise some diversified and personalized management practices based on local laws.'

The greater intention of HRM integration for greenfield MNCs can be explained from a firm-specific advantage perspective. As specifically explained in the OLI model in section 2.5.2, the firm-specific advantages (FSAs) found in MNCs can be divided into location-bound FSAs and non-location-bound FSAs. Location-bound FSAs are defined as benefits that rely on using in specific locations, those cannot be used in other locations or transferred to them. Non-location-bound FSAs refer to advantages that can be directly used in different locations or transferred to other locations with slight adaptations (Rugman and Verbeke, 1992; Harzing, 2002). It is believed that greenfield MNCs tend to focus on the exploitation of non-location-bound FSAs based on the home country, such as products, technologies and managerial knowledge. A global HRM framework and practices from the parent company are also one of the sources of FSAs that are considered to be more systematic and superior for subsidiaries to follow. Additionally, the development of a global HRM system is a process commonly observed in greenfield subsidiaries. Subsidiaries' HRM is more integrated as companies become bigger. The HRM in foreign subsidiaries can be quite simple and may only cover several but necessary aspects of HRM issues when they first enter the foreign markets. As the operations in the host country become more stable, and there are more employees recruited in the subsidiary, the original simple HRM may not be sufficient to support the development of the company. Thus, it is critical for the parent company to develop an IHRM system that can be used and transferred to overseas subsidiaries. This process is observed in most greenfield MNCs, such as TeleCo1, MedCo1, RadCo1 and FinCo1. As the Corporate HR Director in RadCo1 said, ' I think it's very common. Most MNCs have their own global HRM system. It's not that we don't believe our subsidiaries or that we control too much. You know, sometimes, it's difficult to find very professional HR talents in a foreign country, I mean a really qualified person. We foreign companies usually only recruit employees with experience. They have different educational backgrounds and working experience. We can't ensure they have enough professional knowledge and related industry experience to help develop the HRM system in subsidiaries. It's ok when it's small but, as our subsidiaries grow bigger and faster, then they need a more systematic one. That's our job at headquarter.' Similarly, it was reported by TeleCo3 that the global HRM system is more detailed and developed than a subsidiary-oriented HRM. As the corporate HR director said, 'In the past, we only introduced our general HRM standards, procedures, guidelines and certain practices to subsidiaries. But as we both become bigger, we need more strategic IHRM across subsidiaries. Now we are designing and wish to have much more detailed global HR regulations based on a pilot study in America ... for example, a performance and evaluation system that regulates specific standards, a target-setting process, a grading system and distribution requirements. We will try to transfer these to our foreign subsidiaries to help them develop their own HRM systems. But it will take time.'

In contrast, MNCs that enter the UK market via acquisition investment have less intention to integrate their HRM practices. Unlike greenfield MNCs, MNCs that enter foreign markets via acquisition face totally different conditions. The companies acquired are external new subsidiaries to MNCs, which have their own employees and HRM systems. These subsidiaries can mostly keep their original organizational structures, employees and HRM practices, which are different from headquarters', while the parent company acts as an integrator that mainly focuses on HR information integration in the subsidiary and shows less intention to change its HRM policies and practices. As the corporate HR Director in RetCo1 said, 'We let our acquired subsidiaries remain the same as much as possible, including HRM of course. We want them to feel respected. Keeping their original human resources is an important step.' This highly localized HRM intention in acquisition MNCs can also be explained from a firm-specific advantage perspective. It is argued that MNCs choosing acquisition as an entry mode tend to focus more on the exploitation of host country-based location-bound FSAs (Rugman and Verbeke, 1992; Harzing, 2002). These FSAs may include acquired companies' technologies, brands, knowledge and local networks. Alignment with their original HRM system can also be considered, as certain FSAs that can help MNCs to adapt to the host-country conditions easily. Moreover, retaining the subsidiary's workforce and HRM is an effective way to comply with internal and external legislation in the host country. As the Corporate HR director in RadCo2 said, 'We aim to take advantage of their professionals, and their local social network … so we keep most of the employees, their previous organizational structure, and also policies.'

Additionally, acquisition is a complex process for MNCs' market entry. HR departments at MNCs' headquarters usually play a vital role in post-acquisition activities, such as due diligence. During a period of due diligence, HR professionals in the acquisition team will be responsible for collecting and analyzing information about the human resources and organizational culture within the acquired company. Original HRM functions, such as employee benefits packages and liabilities, compensation plans, employee contracts and legal exposure, will also be assessed by the HR team so that they can make suggestions about the acquisition deal. After acquisition, corporate HR departments are less likely to intervene much in subsidiaries' HRM practices. For example, as the corporate HR Director in FinCo2 said, 'You know, when dealing with M&A cases we must be very cautious. The employees in the acquired company will be sensitive about our actions. So we try to mollify such emotional feelings as much as possible. Typically, we use surveys and other means of communication with the acquired company in the due diligence period to see if there are any potential conflicts regarding policies or cultures between the two firms. We aim to avoid unexpected conflicts that might occur between us during an acquisition … after that, we also communicate about the headquarter's HR system and introduce what we think are good HRM practices, but it's not necessary to make them change to be like us. Similarly, the corporate HR director in RetCo1 said: 'We also want to integrate. But it's more like cultural integration, not practice integration.'

Proposition 9: Subsidiaries of Chinese MNCs that enter foreign markets via greenfield investment are more likely to adopt headquarters' HRM policies and practices than those entering foreign markets by acquiring local companies.

Table 13 Complementary data of subsidiaries' entry mode and HRM practice localization

Case Company	Entry Mode	HRM practice localization	HQ's Role in HRM practices	Sub's Role in HRM practices	Representative Informants' quote
TeleCo1	Greenfield	Low localization, HQ Oriented Hybrid HRM	Regulator of global HRM guidelines, standards, procedures based on international experiences	Modifying and implementing HRM with local factors (law)	'For parent company, they have to decide a strategic direction, your subsidiary, your operational activities, they have to see your results and analyze your HRM.' (General Manager) 'We can implement specific HR functions in local form under the whole HRM plan and framework.' (Local HR Manager) 'The company has a set of requirements for HRM in subsidiaries, they can design some diversified and personalized management following the local laws.' (Corporate HR Director) 'In each overseas unit, they have to control the risks in legal relations. So the local HR has to modify some HR policies based on local labor regulations.' (Corporate HR Director)
TeleCo2	Greenfield	Low localization, HQ Oriented Hybrid HRM	Regulator of global HRM guidelines, standards, procedures	Modifying and implementing HRM with local factors (law)	'Our global HRM system is very clear and detailed, so we can build our own HRM framework based on it, like a sub-HRM.' (Local HRM Manager) 'The specific operations in different areas and subsidiaries will be varied, these variations are mainly due to the local laws and labor market conditions.' (Corporate HRM Director) 'For example, we have a global recruitment and selection model, we can use certain common standards to evaluate the applicants' education background, their match with critical position, and the rationality of their pay package.' (Local HR Manager)

Table 13
(Continued)

Case Company	Entry Mode	HRM practice localization	HQ's Role in HRM practices	Sub's Role in HRM practices	Representative Informants' quote
MedCo1	Greenfield	Low Localization; Hybrid HRM coordinated with HQ	Provider of global HRM guideline, standards, authoritarian of subsidiaries	Modifying and implementing local HRM practices with collaboration of law advisor	'But from the legal aspect, the end point of implementation of such policies have to adapt to local laws and regulations...take the legal benefits and vacations as examples...these don't need to follow our uniform standards.' (Corporate HR Director) 'We have to follow the standards and regulations from the parent company, we haven't met big problems...if the regulations are contradicted with local laws we will then communicate and modified them with corporate HR team.' (Local HR Manager) '...such as the decision of pay standard, our corporate team will go to buy professional data such as local pay levels and standards, and other employee research and then distribute them to overseas branches.' (Corporate HR Director)
RadCo1	Greenfield	Low Localization; Hybrid HRM coordinated with HQ	Provider of global HRM guideline, standards, authoritarian of subsidiaries;	Modifying and implementing local HRM practices with collaboration of law advisor	'This time is really special, we have just finished the first stage of the HR Transformation in overseas market.' (Corporate HR Director) 'We recently changed the corporate HR team and have built a new international team to develop a system of global HR policies for integration.' (Corporate HR Director) 'The recent documents from headquarter is much more systematic than the one we used before...there are detailed standards, procedures, and regulations' (Local HR Manager)

Table 13
(Continued)

Case Company	Entry Mode	HRM practice localization	HQ's Role in HRM practices	Sub's Role in HRM practices	Representative Informants' quote
TeleCo3	Greenfield	Moderate Localization; Subsidiary-Oriented Hybrid HRM	Little intervention on HRM of subsidiaries; Intention to integrate (Pilot study); Monitoring in the process of transformation	Locally designed HRM and implemented with third party (Law); Influenced by HRM practices and certain characteristics of being Chinese MNCs	'Their HRM structure and policies are not so systematic and detailed as the ones in parent company.' (Corporate HR Director) 'Our department's role in this subsidiary is mainly about employees' recruitment, performance evaluation, and daily management.' (Local HR Manager) 'Since there are some problems of the local HRM, our company plans to build a more global HRM system that can be transferred to foreign locations.' (Corporate HR Director)
FinCo1	Greenfield	Moderate Localization; Parallel and Hybrid HRM	Regulator of global HR guidelines, standards, procedures especially for expatriates; Little intervention for HRM of local employees	Using global HRM system for expatriates and introducing local factors; Designing and implementing HRM of local employees	'Our London branch has two operation systems, I think this is common in our financial industry…So there are two groups of people operating in the same organization.' (General Manager) 'We have to follow the legal supervision standards and labor policies, the whole HRM system need to be strictly regulated for the external legislation.'(Local HR Manager) 'Both expatriates and local employees, the management of them has to obey the labor law in UK, such as the working visa problems.' (Local HR Manager) 'On the other hand, the expatriates have another labor relations in the parent company.' (Corporate HR Director)

Table 13
(Continued)

Case Company	Entry Mode	HRM practice localization	HQ's Role in HRM practices	Sub's Role in HRM practices	Representative Informants' quote
RadCo2	Acquisition	High Localization; Independent and Localized HRM	Monitoring and integrating HRM information	Being able to keep the original HRM practices, frameworks and employees	'For the acquired company, we will consider to use their previous HRM system with no obvious change.' (Corporate HR Director) 'Acquisition is a complex process, our HRM department didn't play the initial role in the integration…unlike other acquisition cases.' (Corporate HR director) 'Their original HRM practices can help us adapt to the local company stable and fast.'(Country manager)
FinCo2	Acquisition	High Localization; Localized HRM	Monitoring and integrating HRM information	Being able to keep the original HRM practices, frameworks and employees; Emphasize culture integration	'There won't be great changes in the management and policies in the acquired company including HRM.' (General Manager) 'The internal management and policies are mainly remained...' (General Manager) 'There are some integration actions...it's a process, they mainly stay at the information level...The HR information has been input to the corporate HRM system.' (Local HR Manager)
RetCo1	Acquisition	High Localization; Localized HRM	Monitoring and integrating HRM information	Being able to keep the original HRM practices, frameworks and employees; Emphasize culture integration	'During the integration project, we will communicate the similarities and differences in our HRM system…will not push them to use our practices.' (HR Director) 'We don't want to 'slim' the company...we would like to build trust between us....' (HR Director) 'There are not big changes in our company…some changes in logo, and reporting line and methods.' (Local HR Manager)

4.2.4 Subsidiaries’ dependence on headquarters

Another important theme that emerged from the analysis was that subsidiaries’ resource dependence on headquarter’s influence their adoption of HRM practices. This resonates with literature on resource dependence theory in IHRM that focused on the power relationships between MNCs’ parent companies and their overseas subsidiaries especially reflected on HRM control in subsidiaries(e.g. Pfeffer and Cohen, 1984; Pfeffer and Langton, 1988; Ferris and Judge, 1991). However , differently from prior literature, the findings of this study suggest that the dependence on corporation’s assets and resources has an important influence on HRM practice localization in subsidiaries. Table 14 shows the overview findings of subsidiaries’ resource dependence and HRM practice localization. While Table 15 shows the complementary data on HRM-related resource dependence and includes representative informant quotes.

Table 14 Overview of subsidiaries’ resource dependence and HRM practice localization

Case Company	Subsidiaries’ resource dependence	Subsidiaries’ HRM localization	IHRM Type
TeleCo1	High	Low	Global HRM
TeleCo2	High	Low	Global HRM
MedCo1	High	Low	Transnational HRM
RadCo1	High	Low	Transnational HRM
FinCo1	Moderate	Moderate	Opportunistic Dual HRM
TeleCo3	Moderate	Moderate	Passive Dual HRM
RadCo2	Low	High	Multidomestic HRM
FinCo2	Low	High	Confederate HRM
RetCo1	Low	High	Confederate HRM

Specifically, it is found that MNCs' subsidiaries that are more dependent on critical resources such as capital, products and knowledge from their parent companies are more likely to adopt highly integrated HRM policies and practices. HRM know-how and practices are part of critical knowledge, which is considered the most important intra-MNC resource flow (Kobrin, 1991; Rosenzweig and Nohria, 1994). Such resource flows are often in one direction, from headquarters to subsidiaries. The HR departments in subsidiaries act as inflow resource-takers and practice implementers and do not actively participate in HRM practice design. Similar resource flow and HRM practice localization is commonly observed in TeleCo1, TeleCo2, MedCo1 and RadCo1. The HRM knowledge and capability of local HR departments are often considered as insufficient, so that subsidiaries will rely much on the headquarter to provide HRM guidelines and framework for local HRM practice design. As the general manager in TeleCo1 said, 'Our local HR team are often recruited based on their professional and operational ability. They are good in the UK. But it's very difficult to find highly qualified HR managers that have both sufficient industry experience and strategic knowledge of our own company. So they are not able to proactively design an overall HRM framework for our company to serve the corporate strategy. But they are qualified to implement, and to a certain extent modify, HRM practices based on the HRM framework provided by our headquarter.'

These headquarter-oriented HRM policies and practices are considered to be superior to local ones and are more likely to comply with corporate strategy. In addition, this is also consistent with the institutional perspective, which argues that subsidiaries tend to implement headquarter' practices as a method to gain internal legitimacy (Kostova, 1999). As a Corporate HR Director in MedCo1 said, 'Yes, our subsidiary will use our headquarter' HRM system. It's not compulsory at first, when they are very small, maybe only 3–4 people. But I have to say that it may not be called HRM at that time, maybe more like personnel management. It's not systematic enough to support the operation of the organization when it has more employees. So we introduce our HRM framework to these foreign subsidiaries, based on our HR expertise and experience. It's an easier and quicker way for them to act in the 'right way'. And it's also convenient for our overall management in the headquarter.'

In addition, financial assets are another source of critical resources of MNCs. When subsidiaries need to depend on budget and cost allocations from their parent company to support their overseas HRM operations, they tend to adopt headquarters' HRM practices. Budget control is an important part of the IHRM systems of these companies. These budget plans are usually related to headcount control, employee structure, salary packages, compensation and rewards. As the HR manager in TeleCo2 said, 'We have so many foreign subsidiaries in the world, the costs and resources of company A and company B taken from headquarters are different, such as headcount costs, business travel costs and engineer costs … so the parent company will discuss and formulate a yearly budget and make a cost plan for each start-up or at the start of the business year. That's also the busiest time for us.'

By using a similar HRM system to that of the parent company, it is much clearer for headquarters to see how the budget is used in subsidiaries and to monitor subsidiaries' HRM and financial condition and further develop their HRM practices. For example, budget and cost dependence is more obvious in the salary designs of subsidiaries. As the HR manager in MedCo1 said, 'They use the global pay package we designed, but with some national differences. It's the biggest part of the local budget. So we need to be very careful … it's also important for them to report to us when they need to employ a senior manager or one with special expertise, Because this is related to our internal grading system and salary package plan. It's only when we are aware of this information that we can make better decisions about the allocation of HRM budget to subsidiaries.'

Similarly, training and performance policies are also highly related with cost dependence on headquarter. These subsidiaries will use the global training and performance systems developed by their headquarters to achieve internal approval and get further support. And headquarters, on the other hand, can collect necessary information through these common HRM systems in order to make further cost allocation and HRM system updates. As the corporate HR Director in RadCo1 said, 'The training and development, performance and evaluation practices are the most common practices that shared by our subsidiaries, because they can be transferred without or with a little bit adjustments. These two modules are big parts of our budget plan. Sometimes, subsidiaries may have their own special needs for certain training programs which are out of our plan, then they can report to us for budget application… The same evaluation is easy for us to see the performance of the subsidiaries compared with other subsidiaries' and headquarter's at the same time. It's easy for us to collect overall information and develop our HRM systems better.'

An important observation is that MNCs that rely highly on headquarters' resources tend to transfer the HRM system mainly through their own 'supply chain,' such as a SSC and BP team, assigned HR expatriates or global and regional HR committees or teams. They play an important mediating role between the parent company and overseas subsidiaries. On the one hand, these teams and committees are those who are more familiar with the HRM framework in the parent company and have a better understanding of how global HRM should work within the local HRM system. On the other hand, being close to local business and management, these HR mediators can help the local company to absorb HRM knowledge and information more effectively in order to transfer and land the headquarters' HRM orientations. As the HR manager in MedCo1 said, 'We have a global HR committee, most of the HRM issues in our foreign subsidiaries can be discussed through it. I just participated in a global HR meeting in China. It was quite an urgent meeting, not a regular or annual meeting like before. It was about updating the HR system in our company. They want us to introduce a new

HRM system in our company by the end of this year. So I might be busy for a while.' Similarly, the BP team within the three-pillar HR model tend to acts as a bridge between headquarters and subsidiaries to ensure parent companies' HR policies are transferred to and integrated in overseas affiliates, while at the same time providing the necessary HR resources and end-to-end solutions to customize the local HRM system. As the Corporate HR in RadCo1 said, 'Our HR BP teams are mainly responsible for HR issues in subsidiaries, especially when subsidiaries are first established in a foreign country. Generally, they stay in the subsidiary for a certain period until the HRM framework has been developed and operations are stable. They will also report to us if there is something not suitable for the local HRM system, so that we can collect local information for further HR development at headquarter.'

Meanwhile, subsidiaries that are interdependent on the resources of parent companies and host countries are more likely to create hybrid and dual HRM systems in subsidiaries. As is shown in Chapter 4.1.3, one typical case is FinCo1, where a clear division of business makes it possible to adopt a parallel HRM system in the company. Specifically, since this MNC is in the financial industry, financial business differs significantly from one country to another. It is one of the first Chinese MNCs to enter foreign markets to internationalize. It has developed a business strategy that can serve both Chinese-related businesses and local businesses in the host country. The company has to depend on headquarter's original resources (e.g. humans, knowledge) to extend their business overseas and at the same time depend on local resources to expand local business and markets. Thus, there are two groups of employees that are responsible for different business areas. Chinese expatriates and locally hired Chinese employees are mainly responsible for the China-related business and communicate with Chinese people, while locally hired foreign employees are responsible for local business and serve local customers. As the business manager in FinCo1 said, 'Maybe from the point of employee structure, we are not very localized. We have a lot of expatriates here. We need these Chinese expatriates and their expertise to extend our domestic business in the UK market. We have clearly divided business domains. Then, how to manage these people is an actual problem. Why? The salary standards of these expatriates are different from those of local employees, right? Our career paths, annual performance and evaluation standards are also different from local employees. But our policies also have to follow regulations in the UK, such as tax-paying regulations, medical insurance and other specific requirements. So, actually, there are two HRM systems for our employees, one for expatriate employees, one for local employees. There will also be some overlaps of the two systems. We are one company after all.'

Another typical case of interdependent resources is TeleCo3. Even though it still needs to rely on key technologies, products and strategic assets provided by the parent company to support the operations of subsidiaries, its development in the host country is also deeply embedded in local assets and human resources, such as local sales networks. In order to expand the local market, TeleCo3 emphasizes the selection and training of a local professional and management team, instead of using a large number of expatriates for local business. As is discussed in 4.1.4, the local HR manager in TeleCo3 has experiences working in a similar Chinese MNC in the UK, so that is able to bring a set of established HRM systems to the subsidiary. This dependence on local human resources and HR expertise makes it possible to adopt a relatively different HRM system from that of its parent company. As the country manager said, 'Our UK company has relatively complete operational functions, except for an R&D centre, including marketing, sales, warehouse, logistics, finance and technical support, which we all have. Now our company can be seen as a general agency in the UK. Our business mode is not like the very big companies such as TeleCo2. They focus on big customers and big programmes and have related HRM strategies to serve these customers. We are different. Our business is more like retail. The most important thing is that we need to have channels, to whom are we going to sell our products? First, you have to have your primary agency, sometimes there will be a second agency below that, and other big customers, and online customers. They are all critical sales channels, plus other traditional channels, those in the stores. They are all our potential customers. This is our business mode. In the past, most Chinese companies could only get in touch with first-tier agencies. And it was very difficult for them to get in touch with customers. Now, we have a professional local team, our local team can communicate directly with these second agencies, or even Amazon, these actual big customers.'

Moreover, less dependence on budgets and costs provided by the parent company is another reason why TeleCo3 can use more localized HRM policies. As the HR manager said, 'Headquarter allocates the annual budget for the operations in our subsidiary. But that's not the whole of our costs. We also have profit-related bonuses that can be afforded by ourselves. So we can design our own salary packages and rewards according to our revenue condition.'

While, when MNCs' subsidiaries are highly dependent on local resources and assets rather than headquarters, they are more likely to adopt diversified and localized HRM practices. These overseas subsidiaries are usually deeply embedded in local markets and engage in different business areas from their parent companies. They have their own complete systems to provide key resources, such as technologies, human capital and managerial knowledge to support their HRM operations. As the Corporate HR Director in RadCo2 said, 'The UK company is in the radio-device industry too, but our products, technologies and specific business areas are different. They have their own operational systems that can fully support their functions, including R&D. And their organizational structures and departments also differ from us. In other words, they are quite independent of us.'

Because of the low level of business integration between headquarters and subsidiaries, it is difficult for headquarters to have comprehensive information about the HRM conditions and workforce in subsidiaries. Thus, they tend to let their subsidiaries design their own HRM systems instead of providing a HRM framework and asking them to follow the same practices. The parent companies act as integrators or monitors and put more emphasis on overall and long-term operations rather than specific HRM management practices. As the Corporate HR Director in FinCo2 said, 'Our subsidiaries' business scope has different requirements regarding human resources. For example, banks that focus on retail need more membership managers and customer managers, right? The requirement for overall quality will not be very high, because you are doing retail. But if it's an investment bank, then we need high-quality talents, we need employees who have a deep understanding of this industry, and professional ability as well … we have different sets of standards and requirements for our workforce. Thus it's not possible to use the same practices in subsidiaries. It's better to let the subsidiaries themselves design their own HRM systems. We at headquarter can make some suggestions when needed.'

Proposition 10: Subsidiaries of Chinese MNCs that are more dependent on corporate assets and resources are more likely to adopt headquarters' HRM policies and practices than those subsidiaries that are less dependent on corporate assets and resources.

Table 15 Complementary data of subsidiaries' resource dependence and HRM practice localization

Case Company	HRM Practice Localization	Subsidiary's resource dependence and Description	Headquarter' role	Subsidiary's role	Representative informants' Quotes
TeleCo1	Low localization, HQ-oriented HRM framework and system	High, highly dependent on the headquarter's HRM resources and capabilities; HRM development on the corporate and collective level; highly integrated business resources; budgets and costs allocated by headquarter	Resource provider (low resource inflows/high resource outflows); Practice regulator	Resource user (high resource inflows/low resource outflows); Practice follower and implementor	'The HRM development of our company relies on the headquarter…We have many subsidiaries and regional centers in the world like Europe, but the final core HRM knowledge and technologies are mainly from parent company.' (General Manager) 'Take training and development as example, the training programs and costs are uniformly planned and allocated by headquarter...subsidiaries can also apply for additional training if needed.' (Corporate HR Director) 'The money used for training is mainly from the second or corporate level, because subsidiaries can't afford such costs...in this way they are more likely to be integrated.' (Corporate HR Director)
TeleCo2	Low localization, HQ-oriented HRM framework and system	High, highly dependent on the headquarter's HRM resources and capabilities; HRM development on the corporate and collective level; highly integrated production and business resources; budgets and costs allocated by headquarter	Resource provider (low resource inflows/high resource outflows); Practice regulator	Resource user (high resource inflows/low resource outflows); Practice follower and implementor	'The HRM in subsidiaries mainly follow the basic HRM systems regulated by headquarter.' (Corporate HR Director) 'Typically we will assign 1-2 expatriate managers in each department to transfer core technologies, global visions and international policies.' (Corporate HR Director) 'We have to report headcount budgets in local pay and benefits, training programs…in order to get approval for resource allocation.' (Local HR Manager)

Table 15
(Continued)

Case Company	HRM Practice Localization	Subsidiary's resource dependence and Description	Headquarter' role	Subsidiary's role	Representative informants' Quotes
MedCo1	Low Localization, HQ-oriented HRM framework and system	High, highly dependent on the headquarter's HRM resources and capabilities; HRM development on the corporate and collective level; highly integrated production and business resources; budgets and costs allocated by headquarter	Resource provider (low resource inflows/high resource outflows); Practice regulator	Resource user (high resource inflows/low resource outflows); Practice follower and implementor	'The core knowledge builder and R&D centers are basically located in China.' (General Manager) 'The headquarter also has certain calculation systems for subsidiaries' budget and headcount...we can only operate within such settings...unless there are really special situations.' (Local HR Manager) 'They also provide us a particular formula for our pay package... so that we can know our pay level using the local coefficient.' (Local HR Manager)
RadCo1	Low Localization, HQ-oriented HRM framework and system	High, highly dependent on the headquarter's HRM resources and capabilities; HRM development on the corporate and collective level; highly integrated production and business resources; budgets and costs allocated by headquarter	Resource provider (low resource inflows/high resource outflows); Practice regulator	Resource user (high resource inflows/low resource outflows); Practice follower and implementor	'Our previous HRM system in the past is not systematic enough, I have to say, the HR integration is a good thing.' (General Manager) 'Our budgets are mainly allocated by the parent company, typically we will communicate and decide in the annual meetings.' (Local HR Manager) 'We now have much more detailed HR regulations...for example, the performance and evaluation system is widely transferred to our subsidiaries...' (Corporate HR Director)

Table 15
(Continued)

Case Company	HRM Practice Localization	Subsidiary's resource dependence and Description	Headquarter' role	Subsidiary's role	Representative informants' Quotes
FinCo1	Moderate Localization, Parallel hybrid HRM	Moderate, partially dependent on the corporate HRM resources and capabilities; partially integrated business and management system; collective cost control system	Resource Provider (moderate resource inflows/high resource outflows); Practice integrator	Resource user (high resource inflows/moderate resource outflows); Practice follower and coordinator	'The whole management and policies for expatriates are decided by the Corporate HR department because they have whole information about them and the system.' (Local HR Manager) 'We also have a particular local HR team that especially responsible for the management of local employees.' (Local HR Manager) 'The HRM budget and cost are also related with the financial performance and profit of the subsidiary, such as the pay package and annual bonus.' (Local HR Manager)
TeleCo3	Moderate Localization, Subsidiary-oriented hybrid HRM	Moderate, partially dependent on the corporate HRM resources and capabilities; experienced local team and HR manager collective cost control system	Resource Provider (low resource inflows/moderate resource outflows); Practice integrator	Resource user (moderate resource inflows/low resource outflows); Practice coordinator and innovator	'There are not many particular HRM policies and structures that we can refer to from the parent company. Our headquarter is quite autonomous, they won't participate much in the local operations and management. So the HRM is mostly determined in our subsidiary, by our local HR manager and me.' (General Manager) 'As far as I know, the UK HR used wo work in other Chinese MNCs in UK for years…She has experiences' (Corporate HR Director) 'They don't need to follow the whole HR system and policies from us, maybe just a little bit....but they are still a 'Chinese' company.'(Corporate HR Director)

Table 15
(Continued)

Case Company	HRM Practice Localization	Subsidiary's resource dependence and Description	Headquarter' role	Subsidiary's role	Representative informants' Quotes
RadCo2	High Localization, Independent and localized HRM	Low, limited dependence on headquarter's HRM resources and capabilities; similar business area but different strategic objectives; independent cost control system	Resource independent (low resource inflows/low resource outflows); Practice monitor	Resource independent (low resource inflows/low resource outflows); Practice innovator	'We already have a HRM system and structure that we have been used for some time...I don't think there is a need to have big changes.' (Local HR Manager) 'Our business is in the same field but not exactly the same area...'(General Manager) 'We haven't control their budget yet.' (Corporate HR Director)
FinCo2	High Localization, Independent and localized HRM	Low, limited dependence on headquarter's HRM resources and capabilities; different business area; independent cost control system	Resource independent (low resource inflows/low resource outflows); Practice monitor	Resource independent (low resource inflows/low resource outflows); Practice innovator	'The great changes were impossible to happen…their business area is quite different from us.' (Corporate HR Director) 'The costs and resources of them can be mainly self-supported without big intervention from our parent company.' (Local HR Manager)
RetCo1	High Localization, Independent and localized HRM	Low, limited dependence on headquarter's HRM resources and capabilities; different business area; independent cost control system	Resource independent (low resource inflows/low resource outflows); Practice monitor	Resource independent (low resource inflows/low resource outflows); Practice innovator	'It already has a set of well-established HRM policies…we even introduced its successful evaluation system for learning and sharing during the international HR meeting.' (Corporate HR Director) 'The main addition we have done to the subsidiaries is the cultural influence and the implementation of long-term motivation project....'(Corporate HR Director) 'It's a different budget system…' (Corporate HR Director)

5. Discussion

Based on the research findings in the previous chapter, the discussion part first draws a theoretical framework that represents the overall relationships of ten propositions to answer the research question of IHRM types and antecedents in Chinese MNCs. Three main theoretical contributions related to IHRM typology, antecedents and China-related context studies are then discussed. Third, several managerial implications are discussed to provide certain practice guidance for MNCs, especially to those from emerging countries. Finally, the last section indicates several theoretical and methodological limitations of this research and makes suggestions for future studies.

5.1 Theoretical contribution

The investigation suggests that there are different types of IHRM approaches based on an IHRM localization-autonomy framework that is further influenced by antecedents, including corporations' integrative capabilities and international strategies, and subsidiaries' entry mode and resource dependence. These relationships are illustrated in the emergent theoretical model shown in Figure 2, along with certain orienting propositions. This model shows the basic logic, propositions and emerging relationships found in this study, which can be seen as a means to generalize from this research and guide future studies.

In particular, according to the combinations of different levels of IHRM autonomy and similarities in IHRM practices, six IHRM types – global, transnational, opportunistic dual, passive dual, confederate and multidomestic HRM – emerged. The characteristics of each IHRM approach have been shown in detail in propositions 1–6. It is noteworthy that, after dividing the IHRM localization problem into two dimensions, HRM autonomy and HRM practice localization, this study also explored the key antecedents that influence IHRM localization in MNCs. From the aspect of MNCs' parent companies, it is observed that corporations' integrative capabilities (shown in proposition 7) and international strategies (shown in proposition 8) have important effects on MNCs' HRM autonomy relationships. Since both variables are found to have a direct influence on MNCs' IHRM autonomy without obvious inconsistencies, there might seem to be inter-relationships between them (shown by dotted arrows). Similarly, from the aspect of MNCs' subsidiaries, it is observed that subsidiaries' entry modes (shown in proposition 9) and resource dependencies (shown in proposition 10) can influence IHRM practice localization that occurs independently. The dotted arrows imply that there might be an underlying relationship between these two variables within the model.

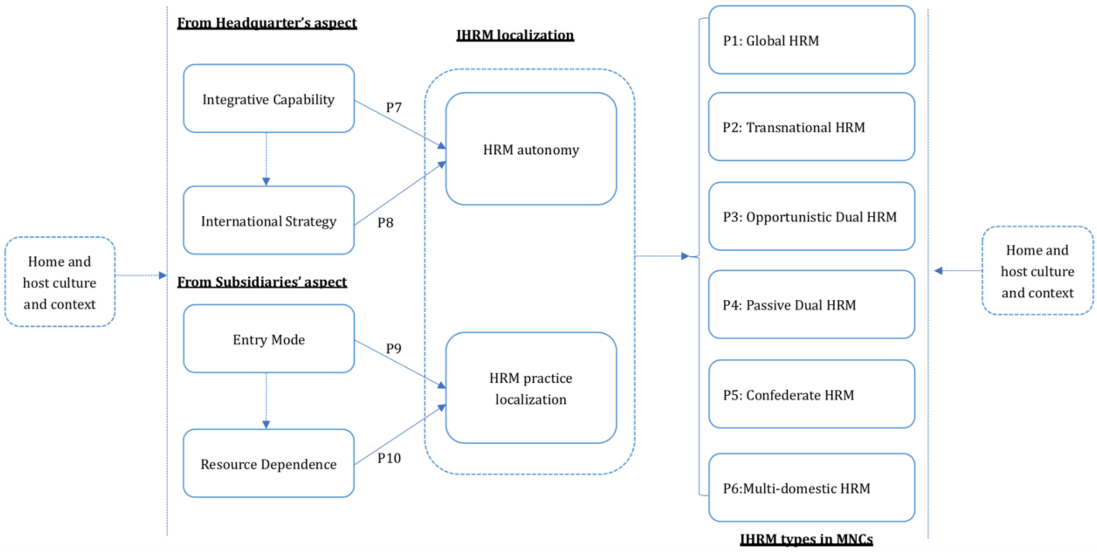

Figure 2 Theoretical framework of IHRM typologies and organizational antecedents

This study makes three important theoretical contributions. The first research contribution of this study is the more specific typology of IHRM for Chinese MNCs operating in advanced economies. First, it advances the conceptualization of IHRM localization by developing a localization-autonomy model. Previous studies on IHRM localization were mainly based on discussions of the tension between global integration and local responsiveness frameworks and lacked a clear notion of what IHRM localization really means. The term IHRM localization in previous research mostly concerns the single dimension of HRM practice similarities between parent companies and subsidiaries, and relies on the resemblance between subsidiaries' HRM policies and practices with those of headquarters or local practices to identify the level of IHRM localization (e.g. Rosenzweig and Nohris,1994; Hannon et al., 1995; Turner et al., 1997; Tayeb, 1998; Schmitt and Sadowski, 2003; Kim and Gray, 2005). Researchers have used the extent of HRM practices' localization or standardization to characterize different types of IHRM strategies and orientations (e.g. Dickmann and Muller-Camen, 2006; Pudelko and Harzing, 2007; Brewster et al., 2008). However, being consistent with the concerns of Chung (2015) and Fan et al. (2016), this study suggests that these arguments are limited in their power. Apart from the HRM practices in subsidiaries, the discussion of global-local IHRM should also pay attention to strategy-level or organizational-level problems that reflect strategic considerations from both headquarter and subsidiaries. Thus, this study contributes to the global integration-local responsiveness debate in IHRM by combining localization HRM practices and the autonomy relationship between headquarters and subsidiaries to develop a multi-dimensional framework to address the IHRM localization issue in Chinese MNCs.

Second, this classification of IHRM within a localization-autonomy framework contributes to IHRM typology studies by offering an alternative feasibility and interpretation of IHRM taxonomies in EMNCs. It is believed that the identification of various strategic types can provide helpful theoretical tools for management and strategy research (Miles et al., 1978; Fan et al., 2016). The IHRM typology found in this study extends the previous conceptual model of IHRM types of Fan et al (2016) with more structured dimensions and empirical tests. Specifically, the level of IHRM autonomy in the study is mainly associated with decision-making in the HRM implementation process, the utilization of expatriates in overseas subsidiaries, and the mix adoption of various mechanisms. While the level of HRM practice localization is related to subsidiaries' tendency to follow the HRM guidelines and framework required by the parent company, and the similarity of main functional HRM policies and practices between headquarter and subsidiaries. Combining the various levels in the two dimensions of IHRM, Figure 3 shows the specific IHRM types found in Chinese MNCs with distinct features of HRM practice localization and autonomy.

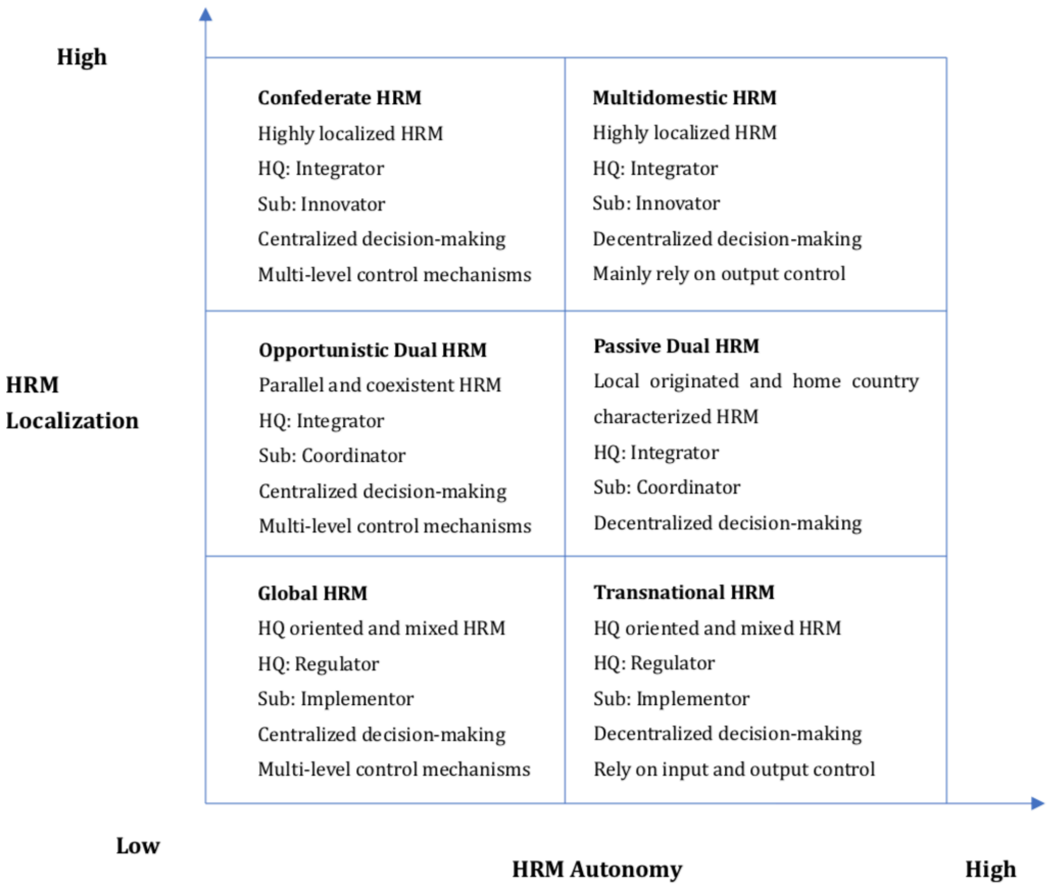

Figure 3 IHRM typology in Chinese MNCs (with description)

The various types of IHRM in Chinese MNCs found in this study are in line with traditional divergence perspectives and the compromise approach proposed by Boxall and Purcell (2008); it is agreed that there is no universal 'best way' to organize HRM across borders. The IHRM strategies in MNCs should consider their specific organizational conditions within the company and the contexts they are dealing with. Previous literature on EMNCs' internationalization and international management has found that EMNCs with different competitive backgrounds, such as country of origin, ownership type and governance structure, can result in similar strategic actions in their overseas operations (Luo and Tung, 2007; Yamakawa et al., 2008). Thus, this study has not only identified different types of IHRM in Chinese MNCs, but also offers novel insights into the reasoning of different IHRM strategies in EMNCs. For example, unlike previous literature on EMNCs that emphasizes that EMNCs are commonly disadvantaged in their negative images of products, technologies and management, so that they will take more adaptive and localized learning attitudes or even reverse-transfer local practices back to their headquarters for overseas operations and management (e.g. Chang and Taylor, 1999; Ferner et al., 2005; Zhang et al., 2008; Gamble, 2010; Thite et al., 2012), this study shows that the main concerns of these EMNCs have shifted away from these common negative impressions and problems to gain local legitimacy from institutions and communities in the host country. According to the data, the reliance on domestic or local markets makes EMNCs react differently in their IHRM strategies. Home-based MNCs (e.g. TeleCo1 and TeleCo2) tend to transfer their global HRM systems to their overseas affiliates to help deal with local legal issues based on their international experience. While MNCs that need to actively interact with local partners and markets (e.g. MedCo1, and RadCo1) tend to keep a low profile as regards being foreign and offer sufficient autonomy to subsidiaries to deal with local HRM issues.

Moreover, this research contributes to the antecedent discussions of IHRM within the IHRM localization-autonomy framework in Chinese MNCs. Unlike previous studies that primarily use conceptual models to explain IHRM patterns from extensive external and internal factors or use quantitative investigations to examine the influence of specific factors on certain IHRM functions in MNCs, this research addresses previously overlooked organizational factors and explores their influence on MNCs' HRM strategies in terms of HRM practices localization and autonomy. Furthermore, this investigation has collected data from both aspects, from MNCs' parent companies and overseas subsidiaries, and has significantly refined the IHRM framework by clarifying the key antecedents and exploring how these factors actually influence IHRM implementation.

First, the study offers insights into institutional theory and resource-based view primarily from internal aspects from corporations and parent companies. Being consistent with the institutional view that MNCs' international strategy is an important internal push factor that will affect the IHRM control relationship between headquarters and subsidiaries (DiMaggio and Powell, 1983; Rosenzweig and Singh, 1991; Harzing, 2002; Farley et al., 2004), this study has refined this relationship between MNCs' international strategies and HRM autonomy by specifically explaining the influence from aspects of MNCs' product, market and competition strategies. According to the findings, MNCs with a global strategy tend to exercise more centralized and tight control over HRM implementation in their overseas subsidiaries, while MNCs with a multi-domestic strategy tend to exercise more decentralized control over subsidiaries' HRM implementation. The level of IHRM autonomy and the use of different types of control mechanisms are closely related to MNCs' international product, market and competition strategic orientations. Additionally, this research offers further insights into resource-based theory by addressing the relationship between MNCs' integrative capability and HRM autonomy. In contrast with the dominant resource-based discussion of IHRM that concerns MNCs' resources and capabilities and their relationship with the integration of HRM practices (Schuler et al., 1993; MacDuffie, 1995; Fey and Bjorkman, 2001), the multi-dimensional IHRM framework is able to provide a more specified and refined explanation of the influence of MNCs' integrative capability on the HRM autonomy relationship between headquarters and subsidiaries. According to the findings, it is suggested that MNCs with more integrative HRM capabilities show more intention and ability to control their subsidiaries' HRM implementation. And the types of these integrative capabilities (e.g. organizational capital, social capital and human capital) enable MNCs to utilize various types of mechanisms to facilitate control and coordination. Specifically, MNCs' organizational capital helps to facilitate subsidiaries' HRM control by formalizing the local HRM system and process. Social capital is often used to enhance the coordination between headquarters and subsidiaries through 'organizational culture' with mutual values and trust, while experienced expatriates, as important human capital, are assigned to subsidiaries to act as ’bridges’ to ensure subsidiaries’ HRM operations comply with parent companies’ strategies.

Second, this study offers insights into resource dependence theory regarding the integration of subsidiaries’ HRM practices with those of headquarters. In contrast to the researcher’s expectation that subsidiaries’ entry mode (Harzing, 2002) and resource dependence (Pfeffer and Cohenm 1984; Ferris and Judge, 1991) would be more related to the power and control relationship in IHRM, the results lead to a more refined model that links the influence of entry mode and resource dependence factors with HRM practices localization in subsidiaries. Being consistent with resource dependence theory, it is suggested that greenfield entry is more closely associated with a higher level of resource dependence on headquarters and a lower level of resource commitment in the host country than M&A entry, in order to overcome resource constraints and handle uncertainty in foreign countries (Jolly et al., 1992; McDougall et al., 1994; Coviello and Munro, 1997; Burgel and Murry, 2000; Aspelund et al., 2007; Ripolles et al., 2012). In addition, it is argued that companies may persist with their strategic choices and practices over time, which is called ‘repetitive momentum’ (Amburgey and Miner, 1992). Thus, since M&A companies already have previous HRM systems that have been implemented for a period of time, they are more likely to maintain their previous HRM systems and practices to a certain extent, rather than adopting new HRM policies and practices from new parent companies. This helps to explain why the same MNC that enters the same market by different entry modes adopt different HRM policies and practices （e.g. FinCo1 and FinCo2; RadCo1 and RadCo2）. Moreover, it is suggested that HRM transfer from headquarters to subsidiaries is influenced by the dependence and flow of critical resources (knowledge, human and financial assets) between the parent company and subsidiaries. It is shown that when subsidiaries are more dependent on headquarters’ (or local) resources and assets, the providers of these resources are more likely to influence subsidiaries' HRM policies and practices (Martinez and Ricks, 1989; Prahalad and Doz, 1981; Hannon et al., 1995; Kostova, 1999).

Furthermore, this research contributes to the IHRM studies considering the specific context of China. Firstly the discussion of IHRM strategies in Chinese MNCs extends the global integration and local responsiveness debates to the application realm of MNCs from emerging countries. Most of the dominant IHRM conceptual models and empirical research are mainly based on findings from MNCs in developed and Western economies. Typically, the traditional 'firm-specific-advantage' perspective in the OLI model emphasizes that MNCs' competitiveness relies on the exploitation of their own advantages (Dunning, 1988; Rugman and Verbeke, 1990). However, whether this perspective can be applied to MNCs from emerging countries has been questioned. Some IHRM studies on EMNCs have adopted a 'latecomer' perspective and mainly focused on the general organizational and contextual characteristics or emphasized national features, such as country of origin, to explore their influences on how these EMNCs manage human resources in foreign countries (e.g. Thite et al., 2012; Cooke, 2012). In response to the debate between the traditional 'firm-specific advantage' perspective and the 'latecomer' perspective, the contribution of this research is to empirically suggest that the discussion of IHRM in EMNCs should combine individual firm-specific factors with general context considerations. The research findings are consistent with the latecomer and learning perspective, in that the comparative disadvantages of certain EMNCs become a driving force for them to adopt more localized HRM practices and provide more autonomy in foreign HRM implementation (Zhang and Edward, 2007; Wang et al., 2014; Cui et al., 2014; Lyles et al., 2014). This tendency is more obvious in the passive dual and multidomestic HRM approaches. In addition, the more specified typology in this research has insights for IHRM studies in EMNCs seeking to pay more attention to individual variances in EMNCs' IHRM, such as their capabilities and strategies. These firm-level differences make it possible to formulate an aggressive approach in global HRM; the confederate (transnational) HRM with a combination of highly localized (globalized) HRM practices and low (high) HRM autonomy; and the parallel opportunistic dual HRM system.

Second, the surprising finding of 2*3 IHRM types enriches our understanding of IHRM typology studies by bringing potential Chinese cultural factors into the localization-autonomy framework. The specific influence of Chinese culture can be applied to explain strategic management patterns, especially in additional IHRM approaches, compared with the pre-supposed 2*2 model. In line with previous research that the strategic international management style in Chinese companies is influenced by the Chinese context and culture, such as the Taoist tradition, 'Yin Yang' management and Confucian thought (Jansson and Soderman, 2015), it is found that the core logic in Yin Yang management of harmony and avoiding conflict is rooted in most of the case companies' organizational culture when dealing with overseas HRM problems, especially when dealing with the relationship between expatriates and local employees and HRM issues in M&A cases (e.g. FinCo2, RetCo1, TeleCo3). Moreover, the 'export' of such Chinese culture to overseas markets makes it possible to formulate new and innovative HRM approaches. Specifically, traditional IHRM models have usually classified less than four IHRM approaches (e.g. Perlmutter's (1969) Ethnocenric-Polycentric-Geocentric-Regiocentric framework; Bartlett and Gloshal's (1989) Global-Multidomestic-Transnational framework; Taylor et al.'s (1996) Exportive-Adaptive-Integrative framework; Fan et al.'s (2016) Convergence-Emergent-Deliberate-Divergence framework). Since Chinese management is characterized as dualistic and binary (Jansson and Soderman, 2015), this distinct management praxis is particularly reflected in the two exclusive dual HRM approaches (Opportunistic dual HRM and Passive dual HRM) found in the study, which allows for the coexistence of two HRM systems with different features from the home country and the host country.

5.2 Managerial implications

This study provides a clear model of different types of IHRM strategies with antecedents thinking regarding the organizational aspects of MNCs' headquarters and subsidiaries. The IHRM typology shown in this research has implications for the applicability and feasibility of different HRM approaches for international managers in the divisions of HRM practices and control relationships. Managers, especially those in Chinese MNCs, can learn to make choices from the various IHRM options in their underlying conditions. For example, a global HRM strategy is particularly suitable for big MNCs or industry leaders that are able to develop and transfer 'best HRM practices' to overseas sub-units in order to comply and facilitate their international strategies to become true global companies. Transnational HRM strategies are often found in growing MNCs that have relatively mature internationalization experiences and have built a certain presence in the international market. These companies can use a combination of HRM strategies with highly standardized HRM systems and allow active responses to local HR issues. Opportunistic dual HRM is a typical HRM strategy for MNCs with certain industrial characteristics, such as financial banks. The clear division of business and employees makes it possible to implement a co-existent HRM system. While small MNCs or start-up companies can choose a passive dual HRM approach and provide sufficient autonomy in the process of designing and implementing local HRM. These subsidiaries can use a 'wise' and quick way to build their HRM framework based on the replication of successful HRM systems used by other Chinese MNCs. Moreover, MNCs that enter foreign markets via M&A entry are more likely to use confederate or multidomestic HRM approaches. They tend to keep the original HRM systems and employees in acquired companies to minimize local resistance, while HRM control is concerned with the corporation's specific HRM capabilities and strategic considerations.

Additionally, this research has explored the key factors that influence MNCs' overseas HRM operations. The clearer framework makes it easier for managers to refer to when designing their IHRM strategies. To be specific, MNCs can determine their IHRM systems mainly based on considerations of parent companies' integrative capabilities, international strategies and subsidiaries' entry mode and resource dependence. Moreover, this study also has practical implications for how subsidiaries' IHRM can be implemented concerning these organizational indicators. For example, considering subsidiaries' specific strategic role and establishment mode, companies can have different tendencies in their specific utilization of HR functions and practices which are reflected in their preferences for the recruitment of host-country nationals or parent-country nationals, working objectives and frequency of performance evaluations, the standards of pay packages etc. As for parent companies' possession of critical capabilities (e.g. organizational capital, social capital and human capital) and international strategies in world markets, there are also various methods that international managers can use for reference in order to sustain different levels of control over their subsidiaries, such as the numbers and responsibilities of expatriates, the use of international or regional HRM committees, the specific application of the COE-BP-SSC HR model in foreign HR management, long-term motivation projects etc. As the research findings suggest, there is no single best IHRM solution for MNCs, companies and managers should apply suitable HRM practice and control means to serve their particular strategic needs.

Furthermore, the findings also reveal some HR problems encountered by Chinese MNCs. For example, the shortage of skilled and talented HRM expertise is a commonly mentioned issue, especially in smaller companies that mainly rely on local recruitment of local employees. Locally hired HR managers usually lack business and industry-related experience. Their main job only focuses on daily HRM issues within the department and it is difficult for them to take proactive HRM actions to facilitate local business and competitive strategies. More frequent interactions between parent companies and subsidiaries are needed to help subsidiaries learn about the overall organizational culture and international strategies in order to make better decisions. Moreover, unclear career planning has become a critical problem for both expatriates and local employees. On the one hand, without a clear career plan that regulates in detail the length and position of expatriation, and also the career path after they return to parent companies, domestic expatriates are very hesitant about leaving their domestic positions and social networks to take on international assignments. On the other hand, ambitious career paths may create an invisible 'glass ceiling' for local employees. This can be considered a highly relevant reason for the high employee turnover for Chinese MNCs operating in foreign markets.

5.3 Research limitations

Despite these theoretical and practical contributions, there are still several limitations of this research. First, even though this research has adopted a multi-dimensional framework to discuss the IHRM localization problem from more comprehensive aspects, it has mainly focused on firm-level dimensions, such as MNCs' HRM practices and control mechanisms. It is suggested that IHRM problems can be constructed from different levels of constituents, including employees, customers, community, society etc. (Briscoe et al., 2009; Warner and Zhu, 2010). The reliance on firm-level functions may restrict the conception and construction of the global integration-local responsiveness framework in IHRM field. Future research can extend my study on IHRM localization and focus on micro-level components and analysis (Chung et al., 2015), such as top management's leadership and intentions, workforce structure change (e.g. local employees and expatriates) and employee's perceptions and behaviours.

Second, in the antecedent exploration of IHRM localization-autonomy framework, this research discusses the individual influence of MNCs' integrative HRM capability and international strategy on HRM autonomy; and the individual influence of subsidiaries' entry mode and resource dependence on HRM practice localization independently. However, there may be internal relationships between these factors which cannot be sufficiently explained in the data of this study. Future research can further explore the intra-framework relationships based on this model.

Third, the study of IHRM patterns shown in Chinese MNCs is presented based on static concepts and analyses. However, dynamic changes in the adoption of HRM practices in overseas subsidiaries and HQ-subsidiary relationships are likely to occur in MNCs. For instance, it is suggested that the control relationships between MNCs' parent companies and subsidiaries are likely to change over time as power positions evolve (Ambos et al., 2011; Brenner and Ambos, 2013). Similarly, it is shown in the findings that we should take a more dynamic viewpoint towards IHRM strategies in Chinese MNCs, especially those reflected in the changing strategic HRM intentions in passive dual HRM and confederate HRM strategies. For example, TeleCo3 is going through a transformation period to change the previous independent and loose overseas HRM system found in foreign subsidiaries to develop a more integrated and systematic HRM framework as the company becomes bigger and needs more strategic support from its parent company. Likewise, RetCo1 went through a rather centralized control period during the first one to two years after acquisition in order to ensure the steady transition of the acquired company's operations. Now, it tends to offer more space and authority to the subsidiary for local management and to use long-term motivation planning for senior local managers as the main control method. Therefore, dynamic and longitudinal studies are needed to capture the changing nature of the macro-level environment and firm-level organizational factors. This is also in accordance with the call for more use of longitudinal approaches in the IB and IHRM literature to allow the recording of continuity rather than simple snapshots at a specific point in time (Bjorkman, 2004; Ralston, 2008; Zahra and Newey, 2009; Cooke, 2012; Fan et al., 2016).

There is ongoing research interest in comparing the differences in managing international HR issues between EMNCs and DMNCs. This research is one of the few empirical efforts to explore the IHRM strategies of MNCs from emerging economies in developed markets. However, this investigation only uses Chinese MNCs as examples of EMNCs and cannot sufficiently address the comprehensive characteristics of MNCs from emerging countries. Thus, there is a need for further comparative studies between MNCs from different home countries to explore the management styles of various countries of origin and how the country-of-origin effect influences IHRM implementation in MNCs' foreign operations. Moreover, even though this research provides some insights into how national and cultural features influence MNCs' IHRM in overseas countries, this is just the tip of the iceberg in the cultural and contextual analysis of Chinese MNCs. Future research should focus on what kinds of Chinese cultural factors influence the various aspects of IHRM issues, and how.

Moreover, this research has its methodological limitations. For example, the two dimensions in the IHRM localization-autonomy framework were basically measured by subjective descriptions and ratings collected through interviews with top and HR-related managers within companies. Although this subjective information was triangulated with various informants and other data sources, there may be potential bias in identifying the levels of each dimension (Geringer et al., 2002). Future research can address this limitation by using more objective and observable measurement of the localization-autonomy framework. For instance, information about HRM practice localization can be collected through objective information, such as HR handbooks with actual HRM practices and regulations in headquarters and subsidiaries to compare their similarities and differences.

Although the research propositions and discussion drawn from the data are based on a theoretical sampling of nine cases, it may not be fully representative; nevertheless, the results provide guidance for future research. The propositions and theoretical framework are a good starting point for further testing and extension. Quantitative investigations should include large numbers of MNCs from emerging countries and employ control variables, such as firm age, firm size, ownership type and the degree of international diversification, in order to improve the generalizability of the tests. Furthermore, even though the case companies in this research vary in firm size and capabilities, they are relatively large Chinese MNCs that have mature internationalization strategies and experience. It would be a promising direction for future IHRM research to focus on small and mid-sized MNCs, since the current IB and IHRM literature is dominated by studies of large MNCs, especially EMNC studies. It also replies to the calls for more attention to the internationalization of SMEs (Kostova and Roth, 2003; Yu and Bell, 2007; Klossek et al., 2012).

6. Conclusion

Overall, this empirical study offers insights based on in-depth case studies of seven Chinese MNCs (including seven parent companies and nine overseas subsidiaries) that have entered a Western developed market in the UK. It has collected data from multiple interviews with employees in the case companies, in different functional departments and with different hierarchical positions and national backgrounds, in both MNCs' headquarters in China and UK subsidiaries. These data are further complemented by archival data and additional interviews with external consultants and government officials. Specifically, this research provides insights to answer two research questions: what is the typology of IHRM strategies in Chinese MNCs? And what are the key factors and mechanisms that influence the IHRM strategies used by Chinese MNCs?

Based on the data collected in the study, it is found that there exist six paths of IHRM in the context of Chinese MNCs, namely, global HRM, transnational HRM, opportunistic dual HRM, passive dual HRM, confederate HRM and multidomestic HRM. Four organizational factors – MNCs' integrative capability, international strategy, entry mode and resource dependence – are captured to explain their influence on the IHRM autonomy-localization framework.

These findings have several theoretical contributions. First, this research provides a more specified IHRM typology by developing the IHRM localization-autonomy framework. Second, it contributes to the institutional theory, resource-based view and resource dependence theory in exploring the antecedents and working mechanisms of HRM practice localization and HRM autonomy. Third, it extends the IHRM localization study in the context of emerging economies and explores the cultural and contextual explanations of IHRM types and antecedents in Chinese MNCs. Furthermore, this study provides certain practical implications for international managers for the applicability of various IHRM types with considerations of their organizational strategies and conditions in determining subsidiaries' HRM practices and autonomy. Finally, concerning the limitations of this research, future studies can extend this work by using micro-level constructs in analysing IHRM localization, and explore more specified internal relationships within the antecedents in a dynamic perspective with more variations of MNCs (e.g. different country-of-origin, and firm size).

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Appendix

Appendix 1 Summary of HRM Practices_Recruitment and Selection

Case Company	Recruitment and Selection		
	Standardized	**Localized**	**Control**
TeleCo1	Guidelines; Recruitment procedures	Application of headcount and position need; Implementation of selection and recruitment (Contract); Localized sources	Headcount control; Information review; Review and evaluate high-level employees (Special pay package and KPI agreement)
TeleCo2	Guidelines, Recruitment procedures; Global selection model	Application of headcount and position need; Implementation of selection and recruitment (Contract); Localized sources	Headcount control; Information review; Review and evaluate high-level employees (Special pay package and KPI agreement)
TeleCo3	No special transferred (mainly campus-based in HQ); Provide career development path	Self-design and implementation; (mainly society-based recruitment that emphasizes professional hire)	Information Review
MedCo1	Guidelines; Recruitment procedures	Application of headcount and position need; Implementation of selection and recruitment (Contract); Localized sources	Headcount control; Information review
RadCo1	Guidelines; Recruitment procedures	Implementation of selection and recruitment (Contract)	Headcount control; Information review
RadCo2	No particular requirements from HQ	Maintain previous practices	Information Review and integration
FinCo1	Guidelines; Recruitment procedures; Global selection model	Application of headcount and position need; Implementation of selection and recruitment (Contract); Localized sources	Headcount control; Information review; Review and evaluate high-level employees
FinCo2	No particular requirements from HQ	Maintain previous practices	Information Review and integration; Centralized decision for senior positions
RetCo1	No particular requirements from HQ	Maintain previous practices	Information Review and integration

Appendix 2 Summary of HRM Practices_Pay and Benefit

Case Company	Pay and Benefit		
	Standardized	**Localized**	**Control**
TeleCo1	Position grading system; Global pay packages; Regulations about Different levels of review and authorization process	Provide local information (market, industry and personal) into local pay package; Determine individual pay package within system	Budget control; Information review
TeleCo2	Position grading system; Global pay packages; Regulations about Different levels of review and authorization process	Provide local information (market, industry and personal) into local pay package; Determine individual pay package within system	Budget control; Information review
TeleCo3	Guidelines	Design local pay package with local information (market, industry and personal);	Budget control; Information review
MedCo1	Global pay packages; Regulations about different levels of review and authorization process	Provide local information (market, industry and personal) into local pay package; Determine individual pay package within system	Budget control; Information review
RadCo1	Global pay packages, Regulations about different levels of review and authorization process	Provide local information (market, industry and personal) into local pay package; Determine individual pay package within system	Budget control; Information review
RadCo2	No particular requirements from HQ	Maintain previous pay package and pay level	Information Review and integration
FinCo1	Global pay packages, Regulating grading system and specified pay and benefits for expatriate employees	Provide local information (market, industry and personal) into local pay package; Determine individual pay package within system	Budget control, Information review
FinCo2	No particular requirements from HQ	Maintain previous pay package and pay level	Information Review and integration
RetCo1	No particular requirements from HQ	Maintain previous pay package and pay level	Information Review and integration

Appendix 3 Summary of HRM Practices_Training and Development

Case Company	Training and Development		
	Standardized	**Localized**	**Control**
TeleCo1	Guidelines; Resources; Global training programs	Applicate and implement local training programs (company and department and individual level)	Budget control; Information review
TeleCo2	Guidelines; Resources; Global training programs	Applicate and implement local training programs (company and department and individual level)	Budget control; Information review
TeleCo3	Provide certain internal resources (e.g. publications)	Design and implement local training programs (company and department and individual level)	Information review
MedCo1	Guidelines; Global training programs	Applicate and implement local training programs (usually team level)	Budget control; Information review
RadCo1	Guidelines; Global training programs	Applicate and implement local training programs (usually team level)	Budget control; Information review
RadCo2	No particular requirements from HQ	Maintain previous training programs	Information Review and integration
FinCo1	Guidelines; Resources; Global training programs	Design and Implement local training programs (company and department and individual level)	Budget control; Information review
FinCo2	No particular requirements from HQ	Maintain previous training programs	Information Review and integration
RetCo1	No particular requirements from HQ	Maintain previous training programs	Information Review and integration

Appendix 4 Summary of HRM Practices_Performance and Evaluation

Case Company	Performance and Evaluation		
	Standardized	**Localized**	**Control**
TeleCo1	Global evaluation scheme (language: Chinese); Compulsory distribution (S1:5%, S2:10%, A1:30%, A2: 40%, B:10%, C5%)	Translate, communicate, and modify with local HR manager to include local characters at individual level	Procedure monitoring; Information review
TeleCo2	Global position-related evaluation scheme (targets, procedure, standards, results); Compulsory distribution	Design and modify with local characters at individual level	Procedure monitoring; Information review
TeleCo3	Guidelines and standards at company level	Design and implement local evaluation system at individual level	Information review
MedCo1	Global evaluation scheme and grading standards; Compulsory distribution (A+:5%, A:15%, B:70%, C+D:10%)	Set local targets (individual level)	Procedure monitoring; Information review
RadCo1	Quarterly global evaluation scheme (target, standard, compulsory distribution)	less frequent evaluation (half year); Set local targets (individual level)	Procedure monitoring; Information review
RadCo2	Set company level target; No particular individual requirements from HQ	Maintain previous evaluation system	Information review
FinCo1	Global evaluation scheme and grading standards (company and individual level)	Design and modify with local characters at individual level especially for local employees	Procedure monitoring; Information review
FinCo2	Set company level target; No particular individual requirements from HQ	Maintain previous evaluation system	Information review
RetCo1	Set company level target; Introduction of global performance and evaluation system and methods especially for senior managers	Maintain previous evaluation system	Procedure monitoring; Information review

Appendix 5 Summary of HRM Practices_Reward and Compensation

Case Company	Reward and Compensation		
	Standardized	**Localized**	**Control**
TeleCo1	Included in pay package and performance design (e.g. pay rise, annual bonus)	Modify and implement with individual performance	Budget control; Information review; monitoring and determining high level employees' promotion
TeleCo2	Included in pay package and performance design (e.g. pay rise, annual bonus); Global mobilization plan	Modify and implement with individual performance	Budget control; Information review; monitoring and determining high level employees' promotion
TeleCo3	Certain regulations for bonus from Financial department; Little participation and requirement from HR in HQ	Self-designing and implementing with budget; Related to performance	Budget control; Information review
MedCo1	Global benefit package; promotion procedure	Modify and implement with individual performance	Budget control; Information review; monitoring high level employees' promotion
RadCo1	Guidelines, Global principles and standards	Design and implement detailed standards for individual level rewards and promotion	Budget control; Information review, monitoring high level employees' promotion
RadCo2	No particular requirements from HQ	Maintaining previous compensation and reward system	Information review
FinCo1	Included in Pay package design (e.g. pay rise, annual bonus); Global Motivation Plan and budget	Modify and implement with individual performance	Budget control; Information review; Monitoring and final decision of high level employees' rewards and promotion
FinCo2	No particular requirements from HQ	Maintain previous compensation and reward system	Information review; Procedure monitoring
RetCo1	Introduction of global motivation plan and system	Maintain previous compensation and reward system at individual level	Information review; Procedure monitoring