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## **The transfer of organizational practices: a diachronic perspective from China**

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Extensive research has been undertaken on the transfer of organizational practices by multinational firms (e.g. Morgan, Kristensen and Whitley 2001; Ferner, Quintanilla, and Sánchez-Runde 2006). However, little investigation has assessed the role that time plays in this process. The commonplace theoretical assumption is that as their overseas subsidiaries become more embedded in the local environment they increasingly take on the practices that prevail locally (Rosenzweig and Nohria 1994; Farley, Hoening and Yang 2004). There have, though, been few longitudinal studies that would allow the veracity of this assumption or its implications to be assessed; most studies provide one-off, synchronic ‘snapshots’ of organizations. Drawing upon research conducted at a UK-owned retail firm in China between 1999 and 2005, this paper provides a diachronic perspective that can trace emergent trends. Data are derived from mixed methods: 140 interviews with expatriate managers and local staff from all levels of the hierarchy, a three month period of ethnographic research and a total of 305 survey questionnaires. Comparison between findings from the more recent research and those based upon the earlier research suggests that time does play a role in affecting transplanted organizational practices. We report that in some respects the organizational practices of the firm in question increasingly took on more of the ‘colour’ of those that prevailed in the host environment. However, convergence with local practices was far from total, some practices bear increasing resemblance to the firm’s parent country operation. We also caution that it is difficult to disentangle the isomorphic influence of the passage of time from factors such as the rapid withdrawal of expatriate managers from the operational level and the impact of the firm’s rapid expansion across China. Moreover, we suggest that the local–global dichotomy, upon which much of the convergence–divergence debate rests, is perhaps increasingly problematic.

**Keywords:** China; human resource management; multinationals; organizational practices; transfer

### **Introduction**

This paper sets out to answer two key questions. First, what affect does the passage of time have on transferred organizational practices? Second, and more specifically, does isomorphism of multinationals’ overseas subsidiaries with host country organizational practices increase over time? To undertake this, it draws upon an in-depth longitudinal case study of the Chinese subsidiaries of a United Kingdom retail multinational corporation (MNC). The data derive from research of various kinds: interviews; survey based questionnaires; and ethnographic fieldwork. Intensive study over time of one firm allows us to focus on the particular processes at work. As well as shedding light on the convergence–divergence debate, the research also allows an assessment to be made

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of the importance of structure compared to agency. The dominant view within the firm was that setting in place the correct systems and structure would ensure the persistence and reproduction of transferred organizational culture and practices. An alternative view, held by some managers, was that the presence of expatriates at the operational level was essential to ensure their persistence over time.

### Transfer over time in the literature

In a review of studies on cross national management/organizations published in the previous 20 years, Clark, Gospel and Montgomery (1999, p. 520) cite the absence of a serious longitudinal perspective as one of its 'shortcomings'. They report that most studies were cross-sectional, with less than 6% being longitudinal. This lack of attention shows scant sign of improvement. Introducing an *Academy of Management Review* special issue devoted to time, Goodman, Lawrence, Ancona and Tushman (2001, p. 507) observe that despite its important role in organizational life, 'there is surprisingly little research on time in this setting'. Similarly, Björkman (2004, p. 262) comments that, 'Longitudinal research on MNC practices has so far been virtually nonexistent.' This dearth of studies with a longitudinal perspective persists even though, as Clark et al. (1999) observe, they possess various advantages over cross-sectional studies, for instance, in circumstances when the variables investigated change over time or when causal relationships between variables need to be determined. If this neglect is troubling in organizational research generally, it seems particularly remiss in studies on the transfer of organizational practices, where a theoretical assumption is that time is an important ingredient in the process.

Associated with the impact of time is the notion that increased embeddedness in host country environments will affect subsidiaries' organizational practices. While factors such as industrial sector (Porter 1990; Edwards, Rees and Coller 1999) and the proportion of firms' assets accounted for by overseas subsidiaries (Whitley 2001) might play a role in affecting the degree of embeddedness, the passage of time is also likely to be an important contributory element. Rosenzweig and Nohria (1994) predicted that local embeddedness would increase as overseas subsidiaries age and that 'The effect of imprinting, even if it is initially strong, may be expected to diminish over time, as affiliates increasingly come to resemble the local environment' (1994, p. 235). However, based on a quantitative study of 249 US affiliates of foreign-based MNCs they conclude that 'time since founding explains little about adherence to local practices' (1994, p. 243). By contrast, they found that mode of entry and extent of expatriate presence were important influences: acquired affiliates and those with fewer expatriates more closely resembled local companies in terms of their management practices than greenfield affiliates and those with greater expatriate presence. Overall, their key finding was that 'affiliates tend in general to adhere to local HRM practices... at the expense of similarity to parent country practices' (1994, p. 247).

While the research reported on in this study, and two earlier papers on which it builds (Gamble 2003, 2006b), provides support for some of these findings, in other respects they diverge. In particular, the UK MNC in question did transfer many of its parent country practices and local employees observed significant differences in its approach to HRM compared to local competitors. Over time, though, as will be shown, this divergence has lessened as Rosenzweig and Nohria's (1994) original prediction suggested. Their findings then leave us unable to explain why the UK MNC's approach should have changed over time. It might be that their broad-brush quantitative approach glosses over important but subtle processes and that a qualitative study might help 'throw light on the complex processes involved' (Ferner 1997, p. 22).

As we indicate above, despite suggestions that the passage of time is a critical ingredient affecting the degree to which transferred organizational practices become embedded in host environments or are replaced by localized practices, most research is synchronic, providing a cross-sectional view of firms. The paucity of longitudinal research can be attributed to several factors. Firms' reluctance to allow such research and pressure on researchers to seek new grants and move on to new research projects are important ingredients. The difficulties are further magnified when research sites are geographically distant from researchers' home base, raising barriers of both access and cost.

If few studies explicitly address the issue of time, for many it is an implicit dimension. Detailed long-term studies include those undertaken by Kristensen and Zeitlin (2005) and Ferner and colleagues (e.g. Ferner et al. 2004; Almond et al. 2005; Almond and Ferner 2006). Kristensen and Zeitlin (2005) conducted long-term multi-sited research at a single company. This allows them to draw valuable conclusions based upon trends observed over time, although the impact of time, per se, is incidental to their study. Additionally, their main focus, the relationship between MNC subsidiaries and their headquarters, is different to that of this paper. Moreover, they report on circumstances in which subsidiaries were previously independent firms. In China, growth through wholly foreign-owned greenfield operations is increasingly the preferred route for MNCs (Child and Tse 2001). Studies by Ferner and colleagues, particularly their project conducted from 2000 to 2004 on US multinationals and the management of human resources in European subsidiaries (Almond and Ferner 2006), are more closely related to this paper's focus. Based upon detailed case study research, they provide many carefully observed and nuanced insights into these firms and their subsidiaries, but again they do not directly address the impact of time on the transfer process.

The broader literature on the convergence-divergence of organizational practices (e.g. Warner 2003; Rowley, Benson and Warner 2004), an implicitly diachronic project, tends to rely on meta analyses; they rarely trace the history of specific firms. While this approach might indicate general trends over time, it can gloss over the mechanisms and processes of change. In addition, studies often rely upon ideal type models of HRM functions and seek to assess whether or not these elements are transferred and introduced to new contexts regardless of their importance to actual firms. By contrast, this study examines the transfer of elements that managers and employees reported as significant and characteristic of their firm.

In the Chinese context, several studies indicate factors that constrain change over time (Francis 1996; Goodall and Warner 1997; Warner 1999). Francis (1996) reports that aspects of the *danwei* (work unit) system's institutional legacy, such as provision of employees housing and medical care, are reproduced in non-state high-tech firms. She attributes this to the persistence of deeply embedded social, governmental and cultural practices and norms that underpinned *danwei*, these form normative expectations that 'may be internalized and carried into new organizational contexts' (p. 843). Goodall and Warner (1997, p. 569) found 'strong evidence of institutional and organizational continuity in "iron rice-bowl" practices' in both joint ventures and state-owned enterprises. In relatively newly established state-owned, collective, joint venture and private hi-tech firms, Warner (1999, p. 1) also found 'a degree of institutional continuity with past work-unit (*danwei*) practices'. Warner attributes this continuity in dimensions such as labour-management relations, employment contracts, rewards, social insurance and personnel behaviour to 'organizational inertia', in which 'the "mind-sets" of Chinese managers may remain anchored in earlier practices for longer than *prima facie* organizational changes would suggest' (p. 2). Farley et al. (2004, p. 701) suggest that

as a multinational stays longer in China and its understanding of the local context grows that it will be more inclined to make modifications to suit the needs of local employees. Consequently, their HRM system becomes of hybrid form. While suggestive, they provide little indication of the processes and mechanisms whereby this takes place.

In one of the few case studies to involve an explicit longitudinal comparison, Zhu (2005) found evidence of changes over time. She compared the HR activities of firms of various ownership type in 1994–1995, with a follow-up survey in 2001–2002. Zhu found significant differences, both between firms of different ownership and over time. Her later survey ‘showed a trend of convergence to HR practices often employed in market economies even though the legacy of traditional practices was still apparent’ (p. 206). While these findings are valuable, again there is limited investigation of the processes and mechanisms involved. This current paper provides detailed exploration of a single MNC, to elucidate the processes that affect its organizational practices over time.

### **Methodology**

Many studies on the transfer of organizational practices in MNCs can be critiqued for their ‘thin’, monochrome texture, with a reliance upon survey ‘snapshots’ and/or interviews with a handful of managerial staff. Survey based data can help in the triangulation process, but in itself provides little indication of the processes and motives involved (Ferner 1997). As Hodson (2005) observes, reliance upon deductive and quantitative methods loses the richness of insights based on direct observation of workers and managers. Additionally, most studies focus on developed market economies (Almond et al. 2005). Few studies are based upon ethnographic style research and/or seek to elicit the views of non-managerial staff (Clark et al. 1999), especially in non-Western contexts. It is perhaps unsurprising that few studies adopt this research methodology; even in Western countries research of this kind is quite unusual. In-depth ethnographic style research, especially in distant countries with difficult to acquire languages, is usually the domain of anthropologists and occasionally sociologists who tend to focus on marginalized segments of the labour force, such as migrant workers (e.g. Lee 1998; Ngai 2005; although see Lee 2007). By contrast, few detailed accounts examine mainstream employment sectors. Researchers of organizations have, it seems, been reluctant to take up Burawoy’s (2000, p. 2) call to engage in the kind of extended case study that can provide a ‘privileged insight into the lived experience of globalization’.

The data for this paper are based upon research conducted both independently and jointly by the two authors, of a depth and duration that is unusual in the Chinese context (see Gamble 2003, 2006a, 2006b, 2007; Gamble and Huang 2008, 2009). It adopts a case study approach and draws upon data collected over a relatively long period through mixed methods, including interviews, survey questionnaires and participant observation. We took care to include managers and employees from all levels of the firm’s hierarchy in the study. Detailed case studies can illuminate the mechanisms whereby competing isomorphic pulls become translated into particular outcomes within multinationals (Ferner and Quintanilla 1998).

Between 1999 and 2003, the first author undertook extensive research at Chinese subsidiaries of the UK multinational retailer, ‘StoreCo’. This included 140 interviews with expatriate managers and local staff conducted at six stores in three different cities (Shanghai, Suzhou and Shenzhen) as well as at the China head office. Most interviews were conducted in the workplace, in a location where they could not be overheard by colleagues or managers: those with local employees were conducted directly in Chinese

and those with expatriates in English. To develop a comparative perspective, this paper compares findings from more recent research, detailed below, with those derived from research at the MNC's first two stores in Shanghai during 1999 and 2000. The latter comprised 36 interviews at the first store and 23 at the head office in 1999 and 2000, and 13 at the second store in 2000. Interviews were conducted with expatriates and local staff from various departments and all levels of the hierarchy, including store managers, department managers, supervisors, warehouse staff and customer assistants.<sup>1</sup>

In 2005, the second author, a native Chinese speaker, carried out three months daily ethnographic research at 'NewStore', a Beijing subsidiary store of StoreCo. The researcher was given a free hand to observe and talk with both employees and customers; he developed relationships with employees from every level in the store's hierarchy and was treated as a staff member by both employees and customers. Ethnographic research in which social scientists 'spend extended periods of time following their subjects around, living their lives, learning their ways and wants' (Burawoy 2000, p. 27), provides an attuned researcher numerous opportunities to listen to conversations as they happen and to observe off-guard, 'backstage' moments. In addition, during this time, more than 100 semi-structured interviews were conducted with a representative sample of store managers and employees from different departments. The profile of those interviewed was similar to the earlier research conducted in Shanghai during 1999 and 2000, with the exception that no expatriates were included (none were present), in their place in-patriate Shanghai staff were interviewed. Their demographic profile was also similar to the staff who completed the survey described below. Interview questions asked included, 'how long have you worked in this store?', 'why did you join this store?', 'are you aware of grass roots', 'how would you describe the firm's approach to discipline?', and 'how would you describe relations with other colleagues and with managers?'

The paper also draws upon a survey-based questionnaire. As Eisenhardt (1989, p. 538) argues, 'the combination of data types can be highly synergistic. Quantitative evidence can indicate relationships which may not be salient to the researcher . . . qualitative data are useful for understanding the rationale or theory underlying relationships revealed in the quantitative data.' The questionnaire is based partly upon the United Kingdom Department of Employment's Workplace Employee Relations Survey; as such it is a well-tested and robust research instrument. Specific questions and translations were discussed with Chinese colleagues to ensure their comprehensibility and applicability in the Chinese context. Additionally, both authors are Chinese speakers, one being a native speaker. The final Chinese text was back translated to English by another bilingual research assistant to ensure translation equivalence (Mullen 1995).

The questionnaire survey was completed by a cross-section of employees at three stores: the UK MNC's first Shanghai store, the store in Beijing ('NewStore') where the ethnographic research was undertaken, and a Chinese state-owned home improvement store also in Beijing. The first survey was undertaken in 2002 and the latter two in 2005. Comparison with a local store, located less than 15 miles from the MNC, a direct competitor in the same business sector that opened at about the same time as 'NewStore', allows us to discount other potential differences such as those between retail sub-sectors. Employees were asked to rate questions such as 'Superiors give employees the opportunity to raise suggestions about changes to work practice' and 'I always have a lot of work to do', which were assessed with 5-point Likert scales, with anchors ranging from 'very strongly disagree' (1) to 'very strongly agree' (5). In total, 305 cases were included in this analysis with 100 cases from the Shanghai UK MNC store, 98 from the Beijing UK MNC 'NewStore' and 107 from the local state-owned retailer.

The profile of the respondents in the three stores was similar as shown in Table 1, i.e. the majority were male (ranging from 58.8 to 64.9%), aged between 22 and 27 (62.5% in Shanghai store, 74.5% in NewStore and 76.6% in the Beijing state store), single (ranging from 63.5 to 67.4%), and ordinary employees (86 to 88.2%). Similarly, employees in all three stores tended to have only some work experience: 41% of employees in the Shanghai store had some work experience, compared with 51% of NewStore Beijing and 38.3% of Beijing SOE store employees. Most employees in the two Beijing stores (83.2 and 96% respectively) had worked at their store for less than 2 years, reflecting the relatively shorter business history of these two stores, compared with half of the surveyed employees in the Shanghai store having tenure of less than 2 years. Three quarters of employees in the Shanghai store had about 12 years of education. While the number of employees with this educational background in the two Beijing stores was not very different (48 and 55% respectively).

The project's relatively long period and the opportunities this provided to re-visit research sites, enhanced the iterative quality of the research (Eisenhardt 1989). Research questions, lines of enquiry and interview protocols could all be assessed and redefined as the researchers' understanding grew and as new themes appeared. The longitudinal nature of the research, mixed methods of data collection and opportunities to discuss earlier findings and preliminary analyses with expert respondents in the field also helped maximize the trustworthiness of the data (Lincoln and Guba 1985).

Table 1. Demographic profile of staff surveyed.

| <i>Variable (%)</i>                  | <i>Shanghai UKStore</i> | <i>Beijing UKStore ('New Store')</i> | <i>Beijing state-owned store</i> |
|--------------------------------------|-------------------------|--------------------------------------|----------------------------------|
| Age                                  |                         |                                      |                                  |
| 18–21 years old                      | 3.1                     | 17.3                                 | 5.6                              |
| 22–27 years old                      | 59.4                    | 56.1                                 | 71.0                             |
| 28–33 years old                      | 28.1                    | 13.3                                 | 16.8                             |
| 34–39 years old                      | 5.2                     | 9.2                                  | 5.6                              |
| above 40                             | 4.2                     | 3.0                                  | 0.9                              |
| Gender                               |                         |                                      |                                  |
| Male                                 | 64.9                    | 64.3                                 | 58.9                             |
| Female                               | 35.1                    | 35.7                                 | 41.1                             |
| Marital status                       |                         |                                      |                                  |
| Single                               | 63.5                    | 67.4                                 | 67.3                             |
| Married                              | 37.5                    | 32.6                                 | 37.7                             |
| Education                            |                         |                                      |                                  |
| Senior high school or Lower          | 75.0                    | 48.0                                 | 55.0                             |
| College and above                    | 25.0                    | 52.0                                 | 45.0                             |
| Position*                            |                         |                                      |                                  |
| Ordinary employees                   | 86.7                    | 88.2                                 | 86.0                             |
| Managerial                           | 13.3                    | 11.8                                 | 14.0                             |
| Tenure                               |                         |                                      |                                  |
| Less than 2 years                    | 48.0                    | 96.0                                 | 67.3                             |
| 2–4 years                            | 52.0                    | 2.0                                  | 15.9                             |
| More than 4 years                    | 0                       | 2.0                                  | 16.7                             |
| Working experience in service sector |                         |                                      |                                  |
| Yes                                  | 78.6                    | 80.6                                 | 57.9                             |
| No                                   | 21.4                    | 19.4                                 | 42.1                             |

Notes: N = 305; \* Ordinary employees = sales staff, checkout, clerical worker and sales advisor. Managerial positions = store manager, deputy store manager, department manager, supervisor and deputy supervisor.

### **The research context**

The UK multinational retail firm 'UKStore' opened its first mainland China home improvement materials store in Shanghai in June 1999. A second store, also in Shanghai, opened in 2000. By April 2007, the company had over 50 stores in various cities. Strategically, the firm divides China into four regions, North, South, East and Central, and has expanded rapidly in the first three of these areas. Within major cities, such as Shanghai and Beijing, the aim is to establish stores rapidly in each quadrant of the city. In this way, UKStore seeks to gain first mover advantage and swiftly acquire substantial market share. In Beijing, UKStore opened its first store in 2003. Within 3 years, it had opened six stores in the city, including a 'global flagship' store, the largest outlet operated by the company anywhere in the world. It was at 'NewStore', one of these stores, that the second author undertook 3 months' ethnographic research.

### ***Mechanisms to institutionalise transferred practices***

From its inception in China, the firm decided to localize all store level roles as rapidly as possible. In the first Shanghai store, for the first year of operations, two UK expatriates filled the assistant store manager and store manager roles; they also acted as operational advisors to the second store. Since then, responsibility for management of these two stores and all subsequent stores has been transferred to locally recruited managers. The high cost of expatriates relative to local staff was probably an important motive behind this approach, although the rationale provided always rested on the ideological basis that local staff were best suited to run the operation.

Despite this, both expatriate staff and local managers continued to debate the wisdom of this approach. An important element of this debate concerned the extent to which the transferred corporate culture had been embedded and could be maintained without frontline expatriate presence. On the one hand, were those who considered that introducing appropriate structures and procedures would ensure the company culture and ethos was maintained, while others believed that continued expatriate presence was necessary to achieve this result. One local store manager confided:

I know it's company policy to localize all store level roles, but it's important to keep foreigners in operations to keep the Western taste. I told [an expatriate manager] that I like working with foreigners. Metro and Makro both have one expat per store, it's expensive, but it's deserved. Expats keep the coffee taste.

The dominant view, however, was that introducing appropriate structures would be sufficient to maintain the firm's distinctive management approach. This view was expressed by the firm's senior expatriate director who observed:

You need processes. If we lose the culture by removing the expats, then there's a problem in the processes. Culture is all about living it, day in day out... the only way to get the culture is by living and breathing it.

### ***'Feeding the geese'***

Five key processes were intended to ensure continuity and these were detailed by the aforementioned expatriate director. The first three concerned the development of a strong internal labour market. First, the intention was to identify new recruits who could be groomed and promoted rapidly to take up managerial posts. This approach was linked to a training scheme known as 'Fast Track', which would facilitate their rapid upward



mobility. Second, training generally, and the company induction in particular, was to be improved. According to the director:

I keep on about this. We need a production constant, a conveyer belt; we shouldn't just take the golden eggs, but should feed the geese.

Another strand of this 'conveyer belt' was to transfer managers from established stores to new stores in cities elsewhere in China, a form of domestic expatriation for the staff concerned. Typically, these in-patriate managers are backed up for several months by a team of experienced seconded employees. In 'NewStore's' case, this team consisted of four staff: the store manager; a deputy store manager; and two department managers. In other words, organizational practices were first transferred to China by a team of UK expatriates, those they had trained then taught employees in the new Beijing store. In this respect, 'NewStore' can be considered as a transplant of the original subsidiary. Passing on organizational practices was akin to a relay race, with the baton handed on from one runner to the next.

Fourth, the company's in-house consultation forum, 'Grass Roots', in which elected shopfloor representatives join a forum with managers to raise and discuss work-related problems, was to be established and held regularly in each store to ensure a two-way flow of information and feedback. Fifth, the company's four vice presidents (VPs) were expected to spend time on the shopfloor, including 1 day per month working in a shopfloor role. As the director expressed it:

All the VPs will be kicked out of their offices and work in stores for a day. They'll work alongside the staff, to look and listen; they all have eyes and ears. Then they can go back and fix whatever needs it.

Additionally, the VPs were expected to attend a store morning brief every week and to write up the points raised and address them. In this way, remarked the director, 'this tackles issues immediately and staff can see that managers listen and are not remote'. Such measures were intended to ensure 'a two-way communication process': senior management would be kept abreast of workforce issues and not lose touch with store level employees. These mechanisms, the director argued, would maintain the transferred management approach and ensure that 'the culture is being driven by the people who run the business'. Longitudinal research, including research at 'NewStore', the transplant store of the MNC subsidiary, provides an ideal means to assess the dynamics and outcomes of this approach in practice. Before this examination, the next section explores the extent to which, in its early days, the MNC was able to transfer its parent country approach to China.

### **Early stages: Evidence of transfer**

Some research has shown that HRM practices in MNCs' overseas affiliates tend to resemble those of host country firms (Rosenzweig and Nohria 1994). In China, it has often been observed that 'traditional' HRM policies and practices differ substantially from those used in Western countries (Ding, Fields and Akhtar 1997; Goodall and Warner 1997), and that transferring Western practices to China is likely to be problematic (Björkman and Fan 2002; Zhu 2005). In the transitional economy of Poland, too, French food retailers found it difficult to transfer their managerial practices (Hurt and Hurt 2005). Despite this, research on UKStore during its early years in China showed that the firm both sought and was able to transfer a relatively unmodified version of its parent country HRM practices (Gamble 2003, 2006b). The research indicated that UKStore's HRM regime differed to that found in locally owned stores and that employees generally responded favourably to the imported practices.

In the earlier research, employees routinely commented that UKStore had a relatively flat hierarchy compared to local retailers and that relations between different levels were close. This was symbolized in the use of a single status company uniform and first name terms for all staff. The company had transferred its parent country employee consultation mechanism 'Grass Roots' (*jiceng weiyuanhui*). Meetings were held once a month, with one representative elected annually for each department. Employees valued this activity and considered it an innovative step in China. A trade desk customer assistant commented that 'Grass Roots gives us the feeling of being on an equal level (*tongdeng*); the company wants to know what employees think'.

Although the work pace was more intense than in state-owned stores, in the context of China's transitional economy, job security appeared to be better. The firm's approach to discipline was relatively benign, but also more clearly codified than in SOEs. While in most respects UKStore's approach matched its parent country practice and diverged from local norms, the reverse was true in two significant dimensions. In China, unlike in the UK, UKStore did not employ part-time workers, but did use large numbers of vendor representatives, staff employed by vendors who operate as sales staff in the store (Gamble and Huang 2009).

### **Transferred practices: Change over time**

'NewStore' opened just 8 months before the researcher began his 3 month period of ethnographic research. This section compares the findings from this research with those from the earlier period outlined above. Specifically, we compare employees' perceptions of the firm's hierarchy, employee consultation, workplace rules and discipline, job security and work pace, and workforce categories and use of contingent labour.

### ***Perceptions of hierarchy***

The recent research highlighted the co-existence of two forms of hierarchy: The formal one as shown in the firm's organizational structure, the other informal and embedded in local norms and practices. In an instance of this, an employee in his forties from the building materials department asked the researcher if he knew whether 'NewStore' was seeking to recruit new employees. He had been carrying a friend's CV in his pocket for some time. In fact, the store was currently recruiting and a box had been placed near the store exit for applicants to leave their CVs. This incident suggests not only poor information flow; it also appeared that this employee did not dare ask someone in the formal hierarchy, such as an HR manager. Despite this, as in the earlier period, the relatively flat organizational structure and accessible store managers still contrasted noticeably with practice in some competitor stores. Several employees with experience of working in Taiwanese-owned supermarkets claimed that their store managers would feel an ordinary employee had 'no right' to speak directly with them.

One way in which the firm sought to propagate the concept of a flat hierarchy was through use of first name terms for all staff. However, there was considerable variation in practice. While employees referred to the store manager by her first name, with other managers they used the usual Chinese form of address 'surname + manager', instead of the taught and advocated first name. Among those on the same level, colleagues generally addressed each other in accordance with local norms, using fictive kinship terms (for example, 'sister', 'older brother', etc.) along with surnames, rather than first names. Hierarchy could also be signified in other informal ways. The store manager and several

other key staff were from Shanghai. These in-patriates often spoke in Shanghai dialect, thereby excluding local Beijing staff who could not understand them. Slippage occurred over time in other small ways. For instance, as in Shanghai, all staff wore work aprons with English first names displayed on them alongside their Chinese names, but when they changed to wear a new set many did not add their English names, which managers also failed to check.

The introduction of differentiated bonuses for employees at different levels also reflects the entrenching of a hierarchical structure. In sales departments, employees' bonus was based on performance. If the sales target was fully met, an ordinary employee earned 150 yuan, a supervisor 250 yuan, and a department manager 350 yuan of bonus. Interestingly, in order to compete with local competitors and encourage employees (and vendor representatives) to provide one-stop service, 'NewStore' introduced commission-based incentives. However, several employees and vendor representatives complained that these payments did not materialize and asked the researcher for advice on how to get paid. Again, the fact that they dare not speak directly with the store manager reflects the existence of hierarchical boundaries.

### *Employee consultation*

The UK version of the firm's Employees' Handbook (p. 33) claims that 'we are committed to a positive and proactive listening and consultation process called "Grass Roots"'. Grass Roots was intended as a two-way interaction between shopfloor representatives and managers to discuss employees' workplace issues. The Chinese version of the Employees' Handbook includes Grass Roots in the section on 'Internal Communication', alongside the store's health and safety committee. At 'NewStore', the second author was able both to discuss this practice with employees and to participate in the activity. The practice appeared to have diverged from its original purpose; while the outer structure remained, its inner core was no longer the same.

A Grass Roots meeting attended by the researcher constituted a company forum to train the representatives who attended in the '5-step sales' procedure. In contrast to the supposed aims of the meeting, there was no chance for interaction and no minutes taken. According to the Handbook, the store manager should attend such meetings. Instead, the meeting was chaired by a training officer, who complained that some department supervisors cared only about sales targets and ignored this meeting, failing to send representatives from their departments. Additionally, several representatives, at least, had not been elected, but nominated by their department managers. This was reflected in a subsequent 'Grass Roots Meeting Minutes and Action Plan', which requested that 'members of the meeting must be relatively fixed so that the quality of the meeting can be guaranteed'. Meetings were also held less frequently than once per month as stipulated in the Employees' Handbook. In addition, scrutiny of the company's UK and China Employees' Handbooks, showed that while the former devoted almost two pages to specify the aim and process of Grass Roots meetings and the election of representatives and their terms of office and substitutions, the latter had just five sentences to outline both Grass Roots and the health and safety committee. One gardening department employee complained, 'Grass Roots meetings are useless. Why do we have to wait to submit our good ideas until these meetings? In fact, we can benefit nothing from participation at all'.

The findings above suggest an erosion of a key plank of the firm's strategy to ensure consultation with shopfloor staff. Statistical evidence (see Table 2) drawn from the questionnaire-based survey indicates more widespread evidence of a reduction in consultation. The means are shown for variables of consultation with the workforce and

Table 2. Comparison of Consultation at Shanghai UKStore and Beijing UKStore, 'NewStore' (T-test results).

| <i>Variable</i>  | <i>Store</i>   | <i>Mean</i> | <i>Std.<br/>deviation</i> | <i>Sig.</i>    |
|--|----------------|-------------|---------------------------|----------------|
| Managers consult employees about future plans  | Shanghai store | 1.82        | .803                      | .227           |
|  | NewStore       | 1.67        | .859                      |                |
| Managers consult employees about job arrangement   | Shanghai store | 1.97        | .750                      | .246           |
|  | NewStore       | 1.83        | .931                      |                |
| Managers consult employees about changes to working procedures                               | Shanghai store | 1.89        | .729                      | <b>.084*</b>   |
|  | NewStore       | 1.68        | .915                      |                |
| Managers consult employees about salary issues   | Shanghai store | .85         | .908                      | .296           |
|  | NewStore       | .71         | .873                      |                |
| Managers consult employees about health and safety of workplace                              | Shanghai store | 2.02        | .880                      | <b>0.001**</b> |
|  | NewStore       | 1.54        | 1.132                     |                |
| Superiors inform employees about changes related to work                                     | Shanghai store | 3.81        | .737                      | .284           |
|  | NewStore       | 3.67        | .982                      |                |
| Superiors give employees the opportunity to raise suggestions about changes to work practice | Shanghai store | 3.77        | .764                      | .338           |
|  | NewStore       | 3.64        | 1.028                     |                |
| Superiors respond to employees' suggestions  | Shanghai store | 3.83        | .561                      | <b>.095*</b>   |
|  | NewStore       | 3.63        | .999                      |                |
| Superiors do their best to solve employees work related problems                             | Shanghai store | 3.96        | .563                      | <b>.022**</b>  |
|  | NewStore       | 3.67        | 1.063                     |                |
| Superiors treat employees equally  | Shanghai store | 3.78        | .702                      | <b>.023**</b>  |
|  | NewStore       | 3.46        | 1.168                     |                |
| Consultation   | Shanghai store | 8.56        | 3.239                     | <b>.022**</b>  |
|  | NewStore       | 7.44        | 3.428                     |                |

\*significant at 0.1; \*\*significant at 0.05.

relationships between employees and managers in the first UKStore in Shanghai and 'NewStore' in Beijing. We compare the results of an equivalent number of store employees from Shanghai ( $n = 100$ ) and Beijing ( $n = 98$ ). Using a 5-item-scale measurement of the construct of consultation, we find that there was significantly less consultation in 'NewStore' compared to the Shanghai store ( $p = 0.022$ ). When looking at individual aspects of consultation practice, we find significant difference in consultation with employees about changes to working procedures and also health and safety of the workplace ( $p = 0.001$  and  $0.084$  respectively). Superiors in 'NewStore', according to employees, were less helpful than their counterparts in Shanghai, reflected in questions of 'Superiors respond to employees' suggestions', and 'Superiors do their best to solve employees' work related problems' ( $p = 0.095$  and  $0.022$ ). In addition, they were significantly less likely to treat employees equally than their Shanghai counterparts ( $p = 0.023$ ).

We then compared 'NewStore' with the nearby state-owned store in Beijing ( $n = 107$ ). The statistics indicate that while the former had less consultation and more distant relations between managers and shopfloor workers than the original Shanghai UKStore, it was still more than in this comparable state store (see Table 3). Specifically, in the state-owned store managers consulted employees significantly less about future plans ( $p = 0.001$ ), job arrangement ( $p = 0.006$ ), changes to working procedures ( $p = 0.002$ ), and health and safety of the workplace ( $p = 0.011$ ) and informed them less about changes related to work ( $p = 0.022$ ). In addition, there were statistically significant differences in the extent to which superiors gave employees the opportunity to raise suggestions about

Table 3. Comparison of consultation at Beijing MNC, 'NewStore' and Beijing state-owned store (T-test results).

| <i>Variable</i>  | <i>Store</i> | <i>Mean</i> | <i>Std. deviation</i> | <i>Sig.</i>   |
|--|--------------|-------------|-----------------------|---------------|
| Managers consult employees about future plans  | NewStore     | 1.67        | .859                  | <b>.001**</b> |
|  | State Store  | 1.26        | .935                  |               |
| Managers consult employees about job arrangement   | NewStore     | 1.83        | .931                  | <b>.006**</b> |
|  | State Store  | 1.46        | .964                  |               |
| Managers consult employees about changes to working procedures                               | NewStore     | 1.68        | .915                  | <b>.002**</b> |
|  | State Store  | 1.28        | .888                  |               |
| Managers consult employees about salary issues   | NewStore     | .71         | .873                  | .244          |
|  | State Store  | .58         | .777                  |               |
| Managers consult employees about health and safety of work place                             | NewStore     | 1.54        | 1.132                 | <b>.011**</b> |
|  | State Store  | 1.17        | .947                  |               |
| Superiors inform employees about changes related to work                                     | NewStore     | 3.67        | .982                  | <b>.022**</b> |
|  | State Store  | 3.36        | .993                  |               |
| Superiors give employees the opportunity to raise suggestions about changes to work practice | NewStore     | 3.64        | 1.028                 | <b>.001**</b> |
|  | State Store  | 3.14        | 1.128                 |               |
| Superiors respond to employees' suggestions  | NewStore     | 3.63        | .999                  | <b>.004**</b> |
|  | State Store  | 3.19        | 1.199                 |               |
| Superiors do their best to solve employees work related problems                             | NewStore     | 3.67        | 1.063                 | <b>.036**</b> |
|  | State Store  | 3.36        | 1.110                 |               |
| Superiors treat employees equally  | NewStore     | 3.46        | 1.168                 | <b>.020**</b> |
|  | State Store  | 3.07        | 1.223                 |               |

\*\* significant at 0.05.

changes to work practice ( $p = 0.001$ ), replied to employees' questions and opinion ( $p = 0.004$ ), sought to solve their work related problems ( $p = 0.036$ ) and treated them equally ( $p = 0.020$ ). It is worth mentioning that neither the local state-owned store nor UKStore had much consultation with employees on salary issues. A conclusion that can be drawn from these findings is that while there is some drift toward local practices, the approach in the UK MNC is still distinct.

### ***Workplace rules and discipline***

The earlier research showed discipline at the MNC to be relatively lax, with instances where local employees expressed the preference for a more rigorous system of discipline than that introduced by the UK managers (Gamble 2006b: pp. 335–336). In most respects, 'NewStore's' approach to discipline was similar to the Shanghai stores, which was termed *renxinghua guanli* ('humane style management'). Some employees understood this as loose control. Indeed, few employees were disciplined. In one extreme case, an employee, who was finally fired after three cases of misconduct, complained to a deputy store manager, 'I am the victim of *renxinghua* management. If I had been dealt with strictly in the past, I wouldn't have made mistakes three times!' In another instance, a tile department manager was suspended from his position for lack of competence. However, he remained on the payroll at department manager salary scale. According to a deputy store manager, this person should have been sacked outright. Instead, the store seemed unsure how to deal with him, indicative of a loose disciplinary style that mimicked the practice in state-owned enterprises where it was rare to dismiss staff.

Despite such instances, there were indications of a countervailing trend. One hardware department employee confirmed that the store did not fine employees for being late. However, his department's supervisor had introduced his own departmental policy, workers either had to buy a soft drink for each staff member in the department or pay a one yuan fine for every minute they were late. In addition, according to the store's HR officer, an oral warning, a form of discipline for misconduct, could lead to reduction in bonus payments of 20% to 50% for a period of 6 months. Another new practice that inclined toward the disciplinarian was the introduction of 'fixed work stations' (*dinggang dingwei*). Yellow circles were painted on the salesfloor and sales staff instructed to stand within a certain distance of them, unless given permission otherwise. These 'fixed work stations' were introduced to deal with a perceived discipline problem: customers frequently complained that staff were not available to help them. Indeed, the researcher noted a tendency for employees to take surreptitious breaks when collecting stock from the warehouse.

### ***Job security and work pace***

The earlier research indicated that workers felt greater job security, but also worked harder in the MNC compared to local state-owned stores. A 'NewStore' manager, who had previously worked alongside UK expatriates in a Shanghai store, recalled how one had told him to walk faster, advising him: 'in the UK, if you walk so slowly, no job!'. This manager observed that Beijing employees' work pace was slower than their Shanghai counterparts. Over time, it appears, without sustained pressure, there was a tendency for the work pace to revert to the more leisurely pace characteristic of state-owned enterprises. An ironic feature is that this state-owned enterprise 'norm' is rapidly being eroded as these organizations are forced to compete. The T-test results indicate that while both work

pressure and job security were marginally greater at the Shanghai store than 'NewStore' (see Table 4), the only statistically significant difference between the means was for that which showed employees at the Shanghai store were significantly more likely to feel work pressure ('I always have a lot of work to do') (mean = 3.78 vs. 3.49,  $p = .032$ ).

When compared with the local store, in contrast to an earlier study which showed employees working longer hours in the MNC (Gamble 2006b, p. 335) average weekly working hours at the local home improvement store were 46.5, compared with 42 hours at 'NewStore' (and just under 43 hours at the Shanghai UKStore). Interestingly, despite the shorter working week, 'NewStore' employees felt significantly more work pressure than their counterparts in the state-owned store (see Table 5,  $p = 0.064$  for question 'I need to work very hard', and  $p = 0.004$  for question 'I worry about my job even outside work time').

### *Workforce categories and use of contingent labour*

Important respects in which the early UKStores in China diverged from parent country practice concerned workforce categories and the deployment of contingent labour. This divergence had two aspects. First, there was little or no use of part-time workers. While in the UK the firm employs substantial numbers of part-time staff, 30% at one London store, for instance, the first Shanghai store's employees were all full timers on regular contracts. Second, from its inception, UKStore followed local practice with respect to the use of vendor representatives (Gamble and Huang 2009). In China, MNCs face a context in which the prevailing business practice is for suppliers to provide staff as sales personnel. Moreover, for foreign entrants in a highly competitive and rapidly expanding sector, in which a ready trained workforce is insufficient, making use of vendor representatives provides a convenient and easy means to bolster rapidly sales forces' knowledge and skills base. It could be argued that by virtue of the flexibility they bring, vendor representatives constitute a functional equivalent to part-time staff in the UK context.

'NewStore' employed 250 regular employees and more than 450 vendor representatives. There were also two other groups of workers in the store, about 30 security guards and 23 cleaners who were outsourced to security and cleaning companies respectively. A plan attempted by the store to recruit fewer vendor representatives and

Table 4. Work pressure and job security compared: Shanghai UKStore and Beijing 'NewStore' compared (T-test results).

| <i>Variable</i>                             | <i>Store</i>   | <i>Mean</i> | <i>Std. deviation</i> | <i>Sig.</i>   |
|---|----------------|-------------|-----------------------|---------------|
| I need to work very hard                    | Shanghai store | 3.96        | .731                  | .538          |
|   | 'NewStore'     | 3.89        | .884                  |               |
| I always have a lot of work to do           | Shanghai store | 3.78        | .726                  | <b>.032**</b> |
|   | 'NewStore'     | 3.49        | 1.086                 |               |
| I worry about my job even outside work time | Shanghai store | 3.59        | .730                  | .475          |
|   | 'NewStore'     | 3.50        | 1.038                 |               |
| I feel secure for my job in the company     | Shanghai store | 3.50        | .722                  | .109          |
|   | 'NewStore'     | 3.30        | 1.028                 |               |

\*\* significant at 0.05.

Table 5. Work pressure and job security compared: Beijing MNC ('NewStore') and Beijing state-owned store (T-test results).

| <i>Variable</i>                             | <i>Store</i> | <i>Mean</i> | <i>Std. deviation</i> | <i>Sig.</i>    |
|---|--------------|-------------|-----------------------|----------------|
| I need to work very hard                    | NewStore     | 3.89        | .884                  | <b>.064*</b>   |
|   | State Store  | 3.63        | 1.103                 |                |
| I always have a lot of work to do           | NewStore     | 3.49        | 1.086                 | 0.55           |
|   | State Store  | 3.18        | 1.219                 |                |
| I worry about my job even outside work time | NewStore     | 3.50        | 1.038                 | <b>.004**</b>  |
|   | State Store  | 3.04        | 1.213                 |                |
| I feel secure for my job in the company     | NewStore     | 3.30        | 1.028                 | .194           |
|   | State Store  | 3.10        | 1.090                 |                |
| How many hours do you work per week?        | NewStore     | 42.07       | 5.851                 | <b>0.001**</b> |
|   | State Store  | 46.53       | 12.335                |                |

\* significant at 0.1; \*\* significant at 0.05.

to replace them with regular staff failed. The trial started in the hardware department with three newly recruited store employees. Sales in the department dropped in the first 2 months. The store manager observed that these employees were less proactive in serving customers than the vendor representatives they had replaced. Although this plan failed, 'NewStore' did introduce a scheme to recruit student interns to work as cashiers and checkout staff. They work regular hours, but on a temporary basis. Since the store has no commitment to continue their employment, this increased flexibility; it also reduced costs, as they were paid 700 yuan, 500 less than regular staff. The survey showed that while all Shanghai store staff were on regular contracts, at 'NewStore' 94% were on regular contracts, with 6% being temporary staff. At the local state-owned store, by comparison, 76% were on regular contracts and 24% temporary.

## Discussion

Comparison between the United Kingdom retail MNC's new store and its first Chinese subsidiary appears to show some fading of the foreign impact; for instance, the level of openness and communication with employees showed slippage. The new store still differed significantly, however, from a comparable local state-owned firm in its extent of consultation with shopfloor employees. Moreover, despite some convergence toward local practice, in other areas the subsidiary increased its resemblance to the MNC's parent country model. This is evident with respect to the increased reliance upon contingent labour. The MNC also showed an increasing tendency to recruit externally and to buy-in skills, for instance, it sought to poach managers from Wal-Mart, a development that can be construed as increasing resemblance to the parent country pattern in the UK where firms tend to rely more on bought in skills compared to, say, German or Japanese firms (Crouch, Finegold and Sako 1999).

It could be argued that employees apparent acceptance of imported HRM practices in the early stages was merely 'ceremonial adoption' (Kostova and Roth 2002), with formal adoption but low level of internalization and lack of belief in its real value for the organization, and thus less durable. However, the earlier research also indicated high levels of employee satisfaction, suggesting not just ceremonial adoption but internalization and



acceptance of imported practices (Gamble 2003, 2006b). Clearly, though, there are degrees and levels of internalization, from thoroughgoing acceptance of practices that align with cognitive and normative profiles to internalization that may be less securely grounded. It might be necessary to divide internalization into two further categories, contingent adoption and normatively aligned adoption. There are also instances where managers and workers have differential interests and respond differently to imported practices. For instance, shopfloor employees appeared to welcome higher levels of consultation by managers; the fact that they were consulted less in the new store may reflect local managers' lack of internalization of this approach. It may, in addition, be particularly difficult to sustain such practices when the wider institutional environment provides limited sustenance for open flows of information across hierarchies.

### *Firm level dynamics affecting transfer over time*

There were also important respects in which the MNC did not fully implement the procedures it had designed to secure continuity of the management approach. We have already indicated how the implementation of 'Grass Roots' differed from stated intentions, the same was true of the other four procedures outlined above. Reality differed, for instance, from the rhetoric that the firm's VPs would spend one day each month working in a store. In practice, this became formalized as an 'inspection from above', a hierarchical relationship, common in Chinese society, between superior and subordinate in which the latter sought to reveal to the former only the good aspects of his or her work. On such occasions, managers requested store employees to 'behave well' in order to 'receive inspection' (*jieshou jiancha*). Managers also normally undertook a pre-inspection review the day before the VPs arrival to ensure that everything was ready. Typically, visiting VPs undertook a brief store walk and then disappeared with the store managers. The original intention of the store visit had been 'lost in translation'; instead the activity conformed to host country normative expectations surrounding interactions between superior and subordinate.

In significant respects, the pace of expansion undermined the structural procedures intended to ensure the maintenance and reproduction of the company's management approach. Rapid expansion produced heavy demand for new managerial and supervisory level staff. Although the firm's stated intention was to rely upon internal labour markets, the supply of suitably trained and experienced staff could not keep pace and the company had little option but to operate a part buy, part make approach for such employees. For store managers especially, as noted above, the MNC was frequently forced to recruit externally, often from rival companies.

This approach was problematic in at least four respects. First, external hires had not been socialized in the company's approach and culture. The firm's senior expatriate director acknowledged that this risked their 'dilution', but added that in such cases 'we put people through the mangle . . . in terms of training and preparation'. In practice, however, this did not seem sufficiently effective. Indicative of this was a store manager who declared himself to be 'mixed blood', since he had previously worked for retailers from Holland, Germany, France and Hong Kong. He considered this varied pedigree a distinct advantage; it enabled him to select the best elements from the management approach of each of these companies. Moreover, while company rhetoric suggested that this would be undesirable, in reality this manager felt that his experience and 'outsider' status had been important factors in his recruitment. He was posted to a store in need of a turnaround, after managerial infighting had set in.

Second, internally promoted colleagues might suspect that the pay and welfare packages of imported managers were superior to their own, a factor that tended to undermine notions of equality and fairness. Third, staff below the store manager level could feel they had been passed over for promotion. An in-patriate deputy store manager at 'NewStore' complained that the firm did not show sufficient care for its 'veteran employees', adding that: 'I was told by the British expatriates that 70% of promotions would be internal, but I found later that more than 80% were external'. Fourth, those recruited externally tended to have a higher level of turnover than internally promoted managers, a feature indicative, perhaps, of the ambitious streak that had prompted them to change jobs in the first place. At the end of one interview the store manager mentioned in the previous paragraph volunteered the information that 'if you come again next year, I might not be here'. True to his word, he moved to a new firm within months. Inevitably, then, this form of recruitment, allied with turnover of key staff, made it hard to maintain a consistent corporate approach.

### ***Blurring 'local/global' boundaries***

It can also be problematic to distinguish convergence or divergence with local practices since these are in considerable flux. Moreover, norms in collective, state and private Chinese firms differ substantially (Zhu 2005). Reflection on the approach to workplace discipline provides an example of the difficulties involved. While state-owned enterprises were formerly known for their lackadaisical approach, recent case studies by the authors at locally owned retail firms found a trend towards the imposition of militaristic style discipline. At one private retail firm, for instance, all new recruits were put through two weeks' military training before they were allowed on the shopfloor, while at a partly privatized state-owned retailer a manager boasted that employees arriving even 5 minutes late for work were fined 200 yuan (about 20% of their monthly salary), regardless of the reason. By contrast, UKStore's approach to workplace discipline was less harsh and closer to UK norms; a one-off late arrival, for instance, would usually incur a verbal warning. The Beijing transplant's introduction of 'fixed work stations' could be construed as a step towards this new, more disciplinarian local norm. Nevertheless, multinationals, and especially those with a high profile, are likely to be very cautious in disciplining local employees for fear of arousing adverse publicity.

In some instances, it can also be difficult to determine whether the MNC is introducing an imported approach or adopting local practice. This ambiguity can play out at an individual level; indigenous managers may pursue 'global' best practices, as indicated in the example above of the store manager with 'mixed blood', while expatriates may 'go native'. As one Chinese store manager expressed it:

At first, foreign firms have a very foreign feel, but then they become more domestic, as expats who stay a long time in China also start to operate like local managers.

Moreover, as China becomes steadily more embedded into the global economy, differentiating which are imported and which 'local' practices becomes increasingly problematic. In Finland, Peltonen (2006) found that the entry of multinational corporations caused subtle changes to existing institutional networks. Changes of this kind are perhaps even more likely in a developing country and especially one like China that has explicitly sought foreign direct investment as a means to upgrade its economy (Child 1994; Gamble 2006a). The way the first UKStore subsidiaries, unlike their parent country stores, employed few contingent staff was a clear instance of adopting local practice. However,

the 'NewStore's increased use of contingent staff is less clear-cut. Certainly, this increases resemblance to the UK model, but equally it mirrors broader trends in China, indeed, as indicated, UKStore appeared to lag behind at least some local competitors in this respect. At the same time, increased use of contingent labour appears to be a global trend (Purcell and Purcell 1998; Lee and Frenkel 2004) and one in which the retail sector has been at the forefront (Nätti 1990; Freathy and Sparks 2000). No doubt, foreign-invested firms have played a role in stimulating this trend in China.

## **Conclusion**

Our findings suggest that time does appear to play a role in affecting transplanted organizational practices. We report that some of the organizational practices of the firm in question increasingly resemble those that prevail in the host environment; transferred practices have been subject to attrition over time. For instance, while the firm's distinctive 'Grass Roots' consultation mechanism continued in its outer form, its essence or inner core had eroded; it was no longer a two-way communication process. The transfer of organizational practices might be viewed as a process akin to photocopying a photocopy; with each successive reproduction the result becomes less clear and further removed from the original. However, this paper also indicated that convergence is not all one way, with evidence that some practices bear increasing resemblance to those in the MNC's parent country. It is difficult, moreover, to disentangle the isomorphic influence of the passage of time from factors such as the rapid withdrawal of expatriate managers from the operational level and the impact of the firm's rapid expansion across China. It is also problematic to conclude definitively convergence or divergence with local practices, when 'local' practices are both heterogeneous and in flux and the distinction between 'local' and 'global' increasingly opaque.

The initial introduction and apparent acceptance by Chinese workers of practices developed in the UK, such as Grass Roots, indicates the potential malleability of cultural and organizational practices (Gamble 2003, 2006b; Almond et al. 2005). Given the right framework and support, such innovations can quite rapidly take root. In this case, the direct involvement of expatriate UK managers who understood and sought to implement a new management approach in a clear, consistent and concerted manner was important (cf. Edstrom and Galbraith 1977). Without sufficient attention to their maintenance and ongoing implementation transferred practices can easily erode or change their content. If clarity, consistency and suitable incentives and sanctions are lacking, local managers and employees' default mode is likely to be their familiar normative frameworks. The apparent erosion of Grass Roots can be attributed to inadequate support in a wider institutional environment that provides limited sustenance for open flows of information across hierarchies. Changing deeply embedded norms is likely to have a Sisyphean quality; persistence and continued effort is necessary, at least until a tipping point is reached. Above all, this paper demonstrates that the transfer of organizational practices is not an event, but a dynamic, contested and shifting process.

From a business perspective, the importance of multinationals maintaining a distinctive approach to HRM remains an open question; firms that adopt 'local' approaches might be at least as profitable. However, the earlier research showed workers' relatively high levels of satisfaction with imported UK HRM practices (Gamble 2003, 2006b). While the impact of worker satisfaction on desirable organizational outcomes is much debated (e.g. Guest 1997; Truss 2001), our own research suggests that such firms can attract better quality recruits and that satisfied employees are more likely to provide better

levels of customer service. Set against this, the research highlights the difficulty of maintaining consistency as a firm experiences rapid growth. Measures that would help ensure consistency are not without their own problems: for instance, greater use of expatriates would raise costs, while more reliance upon staff trained and promoted internally would most likely slow the pace of expansion.

Suggestions for future research spring partly from the limitations of this particular study, such as its small sample size and fairly attenuated diachronic timescale. Researchers might undertake studies at a single foreign invested transplant firm over, say, 5 and 10 year time periods to elucidate more long-term trends. Scaling up, research could be widened to include firms from different industrial sectors to assess any sectoral differences. Similarly, MNCs from different national origins could be included in such research. For instance, do transferred organizational practices in Japanese firms, with their anticipated long-term perspective, fare differently from those which are reported to have a more short-term perspective, such as MNCs from the UK? More ambitiously, matched diachronic cases of MNCs transplants located in differing foreign investment locations could be undertaken. This would help to assess whether, for instance, MNCs that operate in less institutionalized, more fluid environments, such as China's transitional economy, have a greater impact on the transfer of organizational practices than do those located in countries, such as Germany, with more deeply embedded and economically dominant institutional environments? In this paper, we hope not only to have generated some thought provoking findings, but also to have encouraged further research on the dynamics of change over time to transferred organizational practices.

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### Note

1. Ideally, we would like to have returned to the same store in 2005, but gaining research access proved problematic. However, conducting research on a similar respondent cohort at another of the company's stores at a similar period in its organizational history provides a valuable perspective on processes at work within the multinational.

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