Universidad
Carlos III de Madrid

e-Archivo
Institutional Repository

This is a postprint version of the following published document:

Edwards, T., Sanchez-Mangas, R., Jalette, P. (2016). Global standardization or national differentiation of HRM practices in multinational companies? A comparison of multinationals in five countries. Journal of Intenational Business Studies, vol. 47, n. 8, pp. 997-1021. Avalaible in https://doi.org/10.1057/s41267-016-0003-6.

Global standardization or national differentiation of HRM practices in multinational companies? A comparison of multinationals in five countries

Tony Edwards[1],
Rocío Sánchez-Mangas[2],
Patrice Jalette[3],
Jonathan Lavelle[4] and
Dana Minbaeva[5]

[1] *School of Management and Business, King's College London, 150 Stamford Street, London SE1 9NH, UK;* [2] *Universidad Autónoma de Madrid, 28049 Madrid, Spain;* [3] *Ecole de Relations Industrielles, Université de Montréal, Montreal, Canada;* [4] *Kemmy Business School, University of Limerick, Limerick, Ireland;* [5] *Copenhagen Business School, Copenhagen, Denmark*

Correspondence:
Tony Edwards, School of Management and Business, King's College London, 150 Stamford Street, London SE1 9NH, UK.
Tel: + 44 20 7848 4092;
Fax: + 44 20 7848 4092;
e-mail: tony.edwards@kcl.ac.uk

Abstract
Drawing on a dataset constructed from a parallel series of nationally representative surveys of multinational companies (MNCs), we compare the performance management (PM) practices of MNCs in the UK, Ireland, Canada, Spain, Denmark and Norway. In each country we analyze data relating to MNCs from that country and of the foreign affiliates of US MNCs. We argue that there is evidence of standardization in the nature of practices across countries, particularly evident in the analysis of US MNCs. Standardization of practices among MNCs is also evident in the rather limited variation in practices between US and indigenous MNCs within each country. Moreover, even where there is evidence of variation across and within countries, this cannot be fully explained by adaptation to local institutional constraints but rather can be seen as the product of how distinct national contexts can promote the take-up of practices.

INTRODUCTION

During the last two decades many researchers have focused on how multinational companies (MNCs) standardize human resource management (HRM) practices across countries. Strategies of standardization can be based on HRM practices that constitute a 'firm specific advantage' (Rugman & Verbeke, 2003). Some authors have argued that standardization around 'a worldwide best practices model is clearly present' (Pudelko & Harzing, 2007). However, there remain significant forces towards adapting practices to national context. The continuing diversity in national 'varieties of capitalism' (Hall & Soskice, 2001) suggests that MNCs are at least partially constrained by local institutions. Indeed, some have argued that 'adherence to local practices is the dominant influence' on the practices of MNCs (Rosenzweig & Nohria, 1994: 250). More recently, other authors have argued that MNCs balance the standardization and differentiation of their practices (e.g. Stavrou,

Brewster, & Charalambous, 2010). Bonache, Trullen, and Sanchez (2012: 1779) argue for a 'culturally-animated universalism' in which MNCs balance the advantages of universalism (standardization) with those of culturalism (differentiation). Similarly, the concept of 'institutional distance' has been used to analyze ways in which MNCs handle these competing pressures. The institutions of the parent company and those from the subsidiary's host environment combine to create conditions of 'institutional duality' and the extent of divergence between these twin pressures is the institutional distance (Kostova, 1999; Salomon & Wu, 2012). The greater is this distance, so the argument goes, the more complicated is the transfer of practices. (See Caprar, Devinney, Kirkman, & Caligiuri, 2015 for a review of the parallel arguments concerning culture and cultural distance.)

Notwithstanding its contribution, this literature suffers from two theoretical weaknesses. First, it has played down the heterogeneous nature of MNCs operating in the same institutional context. This heterogeneity resulted in the fact that institutional pressures are rarely uniform and coherent across a country; instead, institutions are partial in their coverage and malleable in the hands of large firms (Jackson & Deeg, 2008). Thus we need to incorporate this notion of 'intra-national' heterogeneity into our analysis, which we do by examining one form of this heterogeneity, namely the extent of difference in practices between distinct national groups of MNCs. Second, the standardization–differentiation literature has also played down a different element of heterogeneity, namely the range of ways in which MNCs develop international strategies in HRM. It is widely assumed that all MNCs want to standardize their HR practices across countries and only fail to do so if they reluctantly accept the constraints of host countries (see Edwards & Kuruvilla, 2005). In reality, however, the strategies and configurations of MNCs are diverse, with some seeking to segment their operations so that they concentrate particular functions in the countries with the most advantageous conditions (Dunning, 2009) and, accordingly, they deliberately differentiate their employment practices to benefit from country-specific conditions (Compa, 2012; Wilkinson, Gamble, Humphrey, Morris, & Anthony, 2001).

In addition to these theoretical weaknesses, there are also methodological limitations in empirical studies of standardization–differentiation. With some exceptions (e.g. Brewster, Wood, & Brookes, 2008; Pudelko & Harzing, 2007), previous research has failed to study MNCs in their original country. A key test of whether MNCs really have developed standardized practices along the lines of global norms is whether they manage their indigenous workforces in similar ways. If they are globally integrated firms influenced by comparable competitive forces then we would see similar patterns of practice in the domestic operations of MNCs across countries. Ideally, cross-national studies involve one group of MNCs being compared with those of another; as a comparator to indigenous MNCs, those from the USA are interesting conceptually because they are emissaries of the dominant economic system (Smith & Meiksins, 1995). Moreover, in a large majority of developed nations and many developing nations too, US FDI is the biggest single national source (Dicken, 2011).

We address the following two questions. First, are there differences in the take-up of practices across countries? This will help us address whether there are localizing effects in evidence, or whether these have been over-ridden by the pressures towards standardization. We address this for MNCs as a whole and subsequently by splitting MNCs into the separate groups of indigenous and US-owned. Second, are there significant differences in the take-up of practices between these two groups? In addressing this question we will explore one element of the extent of 'intra-national' heterogeneity of MNCs of different nationalities and compare this across countries. By examining the practices of indigenous firms alongside those of the dominant economic power, the USA, we are able to throw new light on the crucial, yet neglected, issue of how MNCs manage their domestic workforces and on the issue of how US MNCs operate in a set of contrasting host countries. Analysis of survey data relating to a set of performance management (PM) practices in MNCs across six countries demonstrates that there is evidence of standardization in the nature of practices across countries, particularly evident in the analysis of US MNCs. Standardization of practices among MNCs is also evident in the rather limited variation in practices between US and indigenous MNCs within each country. Moreover, even where there is evidence of variation across and within countries, this cannot be fully explained by adaptation to local institutional constraints but rather can be seen as the product of how distinct national institutions can promote the take-up of practices.

The article is structured as follows. We review lessons from the standardization–differentiation literature in the next section and establish our key theoretical constructs and hypotheses in the subsequent one. Thereafter, we describe and justify our method, present the results, discuss the implications of these and draw conclusions.

RESEARCHING STANDARDIZATION–DIFFERENTIATION IN MNCS

Studies of the standardization–differentiation issue have adopted contrasting research designs. Some research uses a single host country (e.g. Rosenzweig & Nohria, 1994) while others are multi-country studies (e.g. Farndale, Brewster, & Poutsma, 2008). The latter have the clear advantage of allowing comparisons across host countries. However, large numbers of host countries make it impossible to contextualize the findings. Consequently, configurations of national institutions are reduced to dummy variables or indices, such as 'country institutional profiles' (Kostova & Roth, 2002), with little discussion of how they inform the practices of MNCs (Jackson & Deeg, 2008). Thus the challenge is to have sufficient national diversity to facilitate interesting comparisons but not so much as to prevent a consideration of each country. A further contrast is that while MNCs from different countries are sometimes grouped together into broad and diverse categories, often simply 'foreign' (e.g. Brewster et al., 2008), others separate out particular nationalities (e.g. Pudelko & Harzing, 2007). A way of balancing these considerations is to group countries only where they share relevant institutional characteristics. Adapting the distinction made by Whetten (1989), a desire for 'comprehensiveness' in incorporating every national specificity must be weighed against the need for 'parsimony' by grouping countries that share institutions that are likely to affect the variables of interest.

Previous research also varies with respect to how particular practices are studied. Some research asks respondents to provide information on the workforce as a whole (e.g. Brewster et al., 2008; Pudelko & Harzing, 2007) while other research asks questions pertaining to particular occupational groups (e.g. Marginson, Edwards, Edwards, Ferner, & Tregaskis, 2010). The former may lack precision with respondents providing information that is an 'average' of the whole workforce, masking differences between groups, or the respondent may focus on a particular group which is not representative of the workforce. Asking about particular occupational groups minimizes this problem. Similarly, while some studies have asked about broad characteristics to which practices tend (e.g. Pudelko & Harzing, 2007), others seek information on particular practices in operation (Farndale et al., 2008). The danger of the former is that the data relate to what is 'intended' by policymakers in HR rather than what is 'implemented' and experienced by employees (Khilji & Wang, 2006; see also Björkman, Ehrnrooth, Smale, & John, 2011). The gap between the two may be particularly significant in international research in which 'intended' policies may reflect the formal institutions that policymakers can easily understand but are less likely to reflect informal institutions.

The practices here are in the area of PM, specifically whether individual performance is assessed, whether these assessments are ranked in a 'forced distribution' and whether employees' pay is linked to their individual performance. This area is one that MNCs see as strategically important, requiring an internationally coordinated approach, particularly for managers (Björkman & Lervik, 2007: 325). Moreover, we anticipate that US MNCs will see these practices as particularly important given the institutional context of the home country. A concerted attempt to measure the performance of individual employees, as opposed to groups, is evident in the prevalence of individual appraisal schemes in the USA (Chiang & Birtch, 2007; Ramamoorthy & Carroll, 1998), while the emphasis on rating the relative performance of employees is evident in the popularity of 'forced distributions' among US firms (Grote, 2005; Lawler, 2003). By international standards, pay in the USA is more commonly determined by assessments of performance (Ferner & Almond, 2013; Jacoby, 2005). This emphasis on individualism is a key characteristic of the USA, enshrined both in terms of the formal institutions, such as the anti-collectivist forms of labour regulation, and the informal institutions, norms and values which afford these practices a degree of legitimacy (e.g. Almond & Ferner, 2006). In this sense, PM is an appropriate area to examine if we want to consider the influence of US institutions. Moreover, it is likely that they will also be constrained by the institutions of the host countries (a point we return to in the next section).

The strategic importance placed on PM might mean that MNCs, especially US-owned ones, pursue a coherent 'bundle' of practices which are 'integrated' with compatible practices with which

they are 'working in concert' (Björkman & Lervik, 2007: 323). Indeed, the practices we examine are often seen as an important part of a coherent approach to 'high performance work systems' (Becker & Huselid, 1998). However, compensation and appraisal practices often perform overlapping yet partially distinct functions: the former are seen as effective in shaping knowledge, skills, abilities and motivation but not empowerment; the latter are perceived to influence motivation and empowerment, but not knowledge, skills or abilities (Jiang, Takeuchi, & Lepak, 2013: 1469). Thus variable pay may perform one set of functions, while appraisal might fulfil other goals, and they will not necessarily be as integrated as the notion of bundles suggests.

Out of this review of previous work has emerged a rationale for country selection (some diversity in institutional context but not so many countries as to prevent a detailed consideration of each) and for the practices (a clear focus on an area of HRM which is one of strategic importance in MNCs while also subject to institutional influences). We now turn to consider how institutional theory can help us build hypotheses.

WHY DO WE FIND SIMILARITIES AND DIFFERENCES AMONG MNCS?

A key insight of organizational institutionalism is that organizational practices not only reflect internal efficiency motives but also 'logics of appropriateness' that are conditioned by their institutional environments (DiMaggio & Powell, 1983). Such dominant logics reflect isomorphic pressures for conformity that are shared by actors in the same organizational domain. Organizations conform to such pressures in order to gain endorsement from important referent audiences (Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011), thereby increasing organizational legitimacy and facilitating access to important resources, such as funds or licenses to operate (Pache & Santos, 2010).

Given that MNCs are embedded in their home country (Tan & Meyer, 2011; Wang, Clegg, & Kafouros, 2009), they must continue to gain a degree of approval from their 'referent audiences' (Greenwood et al., 2011) in their original national base as they expand internationally. In particular, satisfying owners' demands is an important element of a 'governance' or 'country of origin' effect (Ferner, 1997). Thus MNCs of differing nationalities exhibit distinct patterns of management

coordination and control internationally. For US MNCs, this country-of-origin effect is likely to be particularly pronounced as the ways in which US firms developed in their home country provide them with the organizational means with which to expand internationally by extending management structures and forms of control to other countries (Ferner et al., 2004). Thus exercising control over their operations in other countries is easier relative to MNCs (ibid.) of other nations and it is salient to examine US MNCs as a counterpoint to indigenous MNCs.

Indeed, this salience is even greater when we consider 'dominance effects'. At any one time there is a hierarchy of nation states according to their economic performance, with the 'dominant' model forming the basis of a set of practices that attract interest amongst actors in other countries (Smith & Meiskins, 1995). As MNCs become more internationally integrated, the organizational barriers to common policies decline, while the growth of international competition has created greater interest in the practices of firms internationally and the greater ease with which information can be transmitted across borders has meant that the interest in cross-national transfer is greater than ever. Such developments can go hand-in-hand with management techniques across the world increasingly revolving around notions of global 'best practice' (e.g. Jain, Lawler, & Morishima, 1998). Moreover, Pudelko and Harzing (2007) considered the relative influences of country-of-origin, localization and dominance effects on HRM practices in their study of US, German and Japanese MNCs and concluded that 'overall the dominance effect is most important' (Pudelko & Harzing, 2007: 535). Recently, the dominant national model has been the USA and consequently US MNCs' origins in the world's most powerful economy mean that they become bearers of dominance effects (Edwards & Ferner, 2002). In a similar vein, Kostova, Roth, and Dacin (2008: 999) have argued that 'a single clearly defined organizational field does not exist' for MNCs and that this gives 'these organizations broader latitude in picking and choosing which models to adopt and to what extent they should respond to institutional influences'. In particular, they argue that there is little enforcement mechanism for the 'cognitive and normative institutional components' that they encounter in different countries.

The ability of MNCs originating in the dominant economy to exploit the room for manoeuvre that exists within each host country is significant

because of the way in which dominance effects act to reinforce country-of-origin effects in US MNCs. Accordingly, recent evidence has shown that US MNCs adopt a more centralized approach to managing their international workforces than MNCs of other nationalities (Ferner, Belanger, Tregaskis, Morley, & Quintanilla, 2013). Moreover, the practices of US MNCs are only 'partly rooted in the local cultural, political and legal structures of the country of operation' (Gooderham, Nordhaug, & Ringdal, 1998: 63) with these firms taking concerted steps to avoid the influence of bodies that make it difficult to implement their preferred policies and practices (Tempel, Edwards, Ferner, Muller-Carmen, & Wachter, 2006). This argument has been forcefully developed by Geary and Roche (2001: 109) who reject what they call the 'new conformance thesis' – the idea that US MNCs in Ireland have conformed to local practices – and point instead to the 'predominance of country-of-origin effects over host country effects'. This indicates that US MNCs employ similar practices worldwide.

While country-of-origin and dominance effects may lead US MNCs to standardize their practices in a way that may over-ride local institutions, there are grounds for believing that institutional pressures toward differentiation will be evident in MNCs more generally. The institutions in host countries have certainly not converged completely, as the comparative capitalisms literature has demonstrated (Jackson & Deeg, 2008), and this diversity leads to pressures for MNCs to seek legitimacy by adapting to national norms; overriding these norms completely, particularly those with regulatory status, entails some costs, either in terms of motivational problems among the workforce or through breaking the law (Kostova & Roth, 2002). Indeed, one strand of the literature has emphasized local influences on the employment practices of MNCs (e.g. Björkman, Fey, & Park, 2007; Buckley & Enderwick, 1985; Gooderham et al., 1998; Turner, D'Art, & Gunnigle, 1997). In a widely cited paper (171 citations in EBSCO), Rosenzweig and Nohria (1994) argued that the US affiliates of foreign-owned MNCs 'tend primarily to resemble local practices' and that this supported 'the view of MNCs as a nexus of differentiated practices' (Rosenzweig & Nohria, 1994: 248). Given this, it seems improbable that the forces towards standardization are so strong that localization tendencies are no longer evident at all in MNCs.

Where MNCs seek to spread the individualist PM practices we examine across countries they may be 'challenged on grounds of alternative normative frameworks, emphasizing (for example) social equity, solidarity and fairness' (Ferner, Edwards, & Tempel, 2012: 167). Specifically, there are two particular elements of an institutional framework that may constrain this take-up. The first relates to the norms concerning inequality. Individualized appraisal and pay appear to be easier to implement in countries characterized by substantial income inequalities (Gooderham, Grøgaard, & Nordhaug, 2013). Where incomes differ markedly there seems to be a greater acceptance of practices that distinguish explicitly between individuals according to their performance, particularly for workers in better paying jobs (Lemieux, MacLeod, & Parent, 2009). Thus the constraints to the take-up of such practices are likely to be strongest in countries with low levels of inequality. The second concerns the influence of employee representation, with the need to negotiate the introduction and operation of these practices varying across countries. Employees in countries with strong trade unions are those most likely to have the organizational means to mount opposition. Individualized appraisal and pay have commonly been viewed with suspicion by unions, who are concerned that this reduces their involvement in the setting of pay in particular and the basis for collective organization more generally (Heery, 2000). Reviewing the evidence concerning unions' effects on management and HRM, Verma (2005) observes that union opposition to the subjective nature of performance appraisal has led to the incidence of this practice being lower in unionized firms. Similarly, unions have commonly opposed performance pay based on individual performance as anti-collectivist; indeed, the incidence of performance pay is often lower in unionized workplaces (Gunnigle, Turner, & D'Art, 1998). Thus we might anticipate that the higher the coverage of trade unions across firms, the stronger are the barriers to introducing individualized PM practices. Gooderham et al. (2013) cite the example of Scandinavian countries (characterized by relatively low levels of income inequality and high levels of trade union density) where the use of performance appraisal and individualized pay is less widespread than in other countries such as the UK. We refer to these two factors – low levels of inequality and high levels of union density – as the institutional constraints to introducing PM practices, and hypothesize that:

H1 MNCs in countries with stronger institutional constraints have a lower take-up of: (a) individual appraisal; (b) forced distribution, and (c) variable pay.

The first hypothesis focuses on differences across countries between MNCs of different nationalities in aggregate. As argued above, one disadvantage of grouping firms together is that it masks differences between nationalities. Thus we examine whether there are differences in the take-up of practices between the domestic operations of MNCs in each country. Where the domestic operations of MNCs are integrated into the wider firm and where 'dominance effects' are at play not just among US firms but also among MNCs of other nationalities, then the domestic operations of one nationality of MNCs may exhibit strong similarities with the domestic operations of others.

However, national effects on the take-up of practices in MNCs are especially likely to be evident among indigenous MNCs. This is partly because the domestic operations of MNCs are firmly rooted in the national context; while foreign MNCs sometimes establish 'greenfield' operations allowing greater freedom in breaking with local norms, indigenous MNCs generally have longer lasting linkages with the country and are, therefore, more likely to go with the grain of local practice. National effects also arise because of a 'governance' effect; the embeddedness of MNCs in their original country means that they exhibit distinct patterns of management coordination and control that reflect these national institutions. Thus for indigenous MNCs the constraining effect of national institutions and the governance effects of institutions emanate from the same national system and consolidate one another. This is likely to lead to notable differences between MNCs from different countries. Thus the pressures of dominance effects are highly unlikely to be so strong that the domestic operations of MNCs in one country have the same take-up of practices as those in other countries. We anticipate that localization tendencies will be in evidence across all of the PM practices and hypothesize that:

H2 Indigenous MNCs in countries with stronger institutional constraints have a lower take-up of: (a) individual appraisal, (b) forced distribution, and (c) variable pay.

We have predicted that the practices of indigenous MNCs will vary across the five countries but that those of US MNCs will not vary to the same extent, potentially creating one form of 'intra-national' heterogeneity. As noted above, the standardization–differentiation literature has played down the heterogeneous nature of institutions at national level. Given the growing diversity of the workforces in many countries, intra-national variations in informal institutions, such as work values, can be as great as variations across countries (Tung, 2008). As Crouch (2005) argues, much of the comparative capitalism literature plays down the partial coverage and malleability of most institutions; in practice, there is almost always scope for economic actors to experiment in the practices they deploy. Accordingly, Morgan (2009: 582) argues that MNCs are 'active in developing institutional supports and therefore are central to processes of institutional reform and change'. As Jackson and Deeg (2008: 555) put it, 'while firm heterogeneity was always, to one degree or another, a feature of national models, the growth of MNEs does imply that the formal mechanisms of institutionalization at the national level may become more fragmented, and lead to an overall increase of diversity'.

While this notion of heterogeneity has not been satisfactorily incorporated into the standardization–differentiation literature, there are illustrations in the wider literature of how MNCs actively contribute to heterogeneity (e.g. Heywood & Jirjahn, 2014). For instance, Japanese manufacturers have clustered together in host countries, often in areas without a strong industrial tradition, creating distinct forms of business activity, particularly concerning their labour practices (Elger & Smith, 2005). Moreover, Katz and Darbishire's (2000) analysis of seven industrialized nations was that there was increasing variation *within* each of these countries and that one source of this variation within countries was MNCs, particularly Japanese investments, which have 'spread Japanese-oriented work practices, thereby adding another source of variation in employment conditions' (2000: 5). Katz and Darbishire (2000) argue that the extent of variation in employment practices within countries is shaped by the character of industrial relations institutions.

Indeed, institutional effects may lead to differing degrees of intra-national variation across countries. So far we have argued that, compared with US MNCs, the practices of indigenous MNCs will be

more in line with national norms; the logic of this argument is that the extent of difference between US MNCs and indigenous ones will be modest in countries that share some institutional characteristics – particularly the norms concerning inequality and the extent of union density – with the US. Accordingly, research in the UK and Ireland has demonstrated that a similar proportion of foreign-owned and indigenous firms used performance-related pay (e.g. Buckley & Enderwick, 1985; Turner et al., 1997). In contrast, where the national institutions are markedly different from those of the US, the difference in practices between US and indigenous MNCs will be greater. Thus we hypothesize that:

H3 The difference between US MNCs and indigenous MNCs in the take-up of a) individual appraisal b) forced distribution and c) variable pay will be greater in countries with strong institutional constraints.

METHOD

The Research Design

The research comprises coordinated, parallel, nationally representative surveys of employment practices in MNCs. This article is based on six surveys – the UK, Canada, Ireland, Spain, Denmark and Norway – and draws on the data for indigenous and US-owned MNCs. The respondent was a senior HRM executive who completed a structured questionnaire, focused on several aspects of employment practice and which distinguished between managers and the largest occupational group (LOG) of non-managerial employees. The surveys also asked a number of questions about the national operations and the worldwide company, allowing a range of controls to be used. Somewhat surprisingly, much of the literature does not control for factors which we know are key influences on many HRM practices: sometimes no controls are used (e.g. Pudelko & Harzing, 2007); where they are used they are normally restricted to basic elements of the subsidiary (e.g. Brewster et al., 2008); only rarely are characteristics of the wider multinational included, such as size of the worldwide firm and its structure (e.g. Marginson et al., 2010); and never are controls included which provide proxies for the inclination and ability of MNCs to standardize practices (which we term 'strategic heterogeneity').

Concerning representativeness, some previous surveys do not provide any information on how they established their population while others name a single source as their population listing (e.g. Rosenzweig & Nohria, 1994). The dangers of relying on single sources are the incompleteness of, and inaccuracies in, each listing. Each of our surveys was representative of the population of MNCs in that country, focusing on all but the smallest MNCs (those with less than 500 employees worldwide). To ensure representativeness we used multiple listings and resolved discrepancies through labour-intensive cross-checking. The resulting list was 'screened' to check crucial aspects, a time-consuming but important process; it revealed that many companies were smaller than the initial listing had suggested or were part of the same multinational as another firm in the listing. Moreover, checks were conducted to make sure that the profile of MNCs in the achieved sample was in line with the population.[1] Thus the surveys are based on comprehensive and reliable population listings.

There were three further challenges. First, the questionnaire was designed in English and was translated into French, Spanish, Danish and Norwegian. These translations were carefully checked (including back translation) in order to ascertain that equivalence in meaning had not been distorted (Hult et al., 2008). Second, the method of administering the questionnaire through face-to-face interviews allows a longer questionnaire and results in fewer missing data (McKnight, McKnight, Sidani, & Figueredo, 2007). This was pursued in the countries where it was feasible: the UK, Ireland and Spain. In Canada, however, the geographical distances made interviews prohibitively expensive, so respondents completed the questionnaire through a paper version or online. In Denmark and Norway, data were collected online, the preferred way of collecting data in Scandinavia. Non-response to questions in the Canadian, Danish and Norwegian surveys was not significantly higher than in the other three. Third, the surveys were in the field at different times. The fieldwork was carried out in 2006 and early 2007 in the UK, Canada and Ireland but in Spain the fieldwork began in 2007 and extended until early 2009 while in Denmark and Norway the survey was carried out in 2009 and early 2010. Such a time lag between surveys used in comparative analysis is not unusual (e.g. Whitfield, Marginson, & Brown, 1994), though it is potentially important given the change in economic

conditions. We checked whether the data gathered towards the end of the fieldwork period in Spain were significantly different from those gathered earlier. Regression analysis on the Spanish data for the six practices examined here revealed that the differences between the data collected pre- and post-crisis were insignificant.

The response rates varied across the six surveys, from 15 % in Canada, 18 % in the UK, 25 % in Norway, 26 % in Denmark, 30 % in Spain to 50 % in Ireland. The lower response rates were generally in the countries with the larger populations, meaning that the overall numbers of participating firms in each country did not vary as much as the response rates, while the checks for non-response bias suggested this problem is very limited. The total number of indigenous MNCs was 276 (44 in UK, 43 in Canada, 47 in Ireland, 83 in Spain, 30 in Denmark and 29 in Norway) and US-owned MNCs totaled 444 (123 in UK, 106 in Canada, 101 in Ireland, 90 in Spain, 17 in Denmark and 7 in Norway), giving a total across the five countries of 720.

Variables and Form of Analysis

Dependent Variables
There are six practices that we assess: individual appraisal for the LOG and for managers; forced distributions in appraisal for the LOG and for managers; and variable pay for the LOG and for managers.[2] For each of these, we assessed the existence or otherwise of the practice in the national operations of the MNC. We analyzed these six binary variables individually rather than in a bundle to allow for the different functions that they may perform (see above) as well as to allow for the possibility that they may be subject to different degrees of institutional constraint. Thus we allow for the patterns to vary by each practice and employee group.[3]

Explanatory Variables
Our analysis of the national context was shaped by the extent of similarities and differences in institutions, particularly the extent of inequality and union density. To balance the desire to cater for important institutional specificities whilst also achieving a degree of parsimony in the analysis, we have grouped countries only where they share characteristics in terms of these institutional constraints. As Table 1 shows, the two Nordic countries are clearly distinct from the other four, with lower

inequality and higher union density. Indeed, previous analysis of the Nordic area has highlighted important institutional similarities across countries in the region (e.g. Amable, 2003) and, hence, Denmark and Norway form a Nordic grouping which is the reference category. While the other four countries are not all of the same type of capitalism – the UK, Ireland and Canada are all broadly deregulated labour markets with single channel forms of employee representation, distinct from Spain in these respects – they share broad similarities in terms of the institutional constraints to PM practices, as Table 1 demonstrates. They are not exactly the same of course, with Spain and the UK exhibiting slightly higher inequality and lower union density. To allow for the possibility that the extent of institutional difference between the Nordic countries and the others may vary, we include a Nordic variable and the four individual country variables in the analysis.[4] The third hypothesis, examining differences within countries, requires Denmark and Norway to be considered individually.

We used a dummy variable for US ownership. Some of the controls relate to characteristics of the subsidiaries: the sector variable contrasts production and services; the size dummy captures subsidiaries of 1000 or more employees; and union presence assesses the existence of certified trade unions in the subsidiary. Other controls relate to characteristics of the worldwide company. The size variable contrasts small MNCs (less than 5000 employees worldwide) with medium (between 5000 and 29999) and large (30000+), with the small group forming the reference category.

As argued in the introduction, the analysis of standardization–differentiation needs to be tested in a way that is sensitive to the fact that not all MNCs possess the capabilities to standardize

Table 1 Inequality and union density at national level Source: OECD.StatExtracts

Ranking	Inequality (Gini coefficient)	Union density (OECD)
1	USA (0.39)	USA (10.8 %)
2	UK (0.35)	Spain (17.5 %)
3	Spain (0.34)	UK (25.4 %)
4	Canada (0.32)	Canada (27.2 %)
5	Ireland (0.30)	Ireland (29.6 %)
6	Norway (0.25)	Norway (53.5 %)
7	Denmark (0.25)	Denmark (66.8 %)

practices across borders: some staffing strategies are more effective than others at transferring knowledge (Mäkelä, Björkman, & Ehrnrooth, 2009); there is variation in the extent to which MNCs align formal process and systems and the more informal sharing of objectives across key staff, with this affecting their ability to 'replicate' practices across borders (Morris et al., 2009); and the experience of subsidiary HR managers varies, shaping the extent to which MNCs can develop strategic HR capabilities (Mäkelä, Sumelius, Hoglund, & Ahlvik, 2012). Moreover, some MNCs will indeed seek to standardize and create the necessary capabilities and the forces of country of origin and dominance effects accentuate this in many MNCs. In contrast, other MNCs will make a virtue out of differentiating practices across countries (Edwards & Kuruvilla, 2005). Thus we incorporate the notion of heterogeneity (for which we use the term 'strategic heterogeneity') into our analysis through controlling for two factors, the existence of an international policymaking committee in HRM and a variable capturing the intensity of networking between HRM practitioners across borders (a composite measure of four elements of networking – regular meetings, international conferences, task forces and virtual groups – that were used at least annually, with the resulting variable taking on values between 0 for none of them and 4 for all of them). These two final control variables allow us to control for the inclination and capability of MNCs to standardize HR practices across borders; in other words, to control for strategic heterogeneity.

Analysis

The six binary variables are analyzed using logistic regression. We started with a block of the control variables and added a second block of country dummies and the US ownership dummy. A third block consists of interaction effects between US ownership and the country dummies. The fourth block includes, for each country, the interaction between being a domestic firm and the dummy for operating in that country. The inclusion of these blocks enables us to address the set of hypotheses we formulate, as explained below.

In deciding to use interaction terms, we considered the alternative of splitting the sample into subsamples. Each approach has drawbacks. While the interpretation of the results through the use of interaction terms is not entirely straightforward, we feel that using subsamples entails more significant disadvantages, most obviously that some of the subsamples become quite small and that the variability of some of the explanatory variables falls to very low levels. Thus we felt that the use of interaction terms is preferable. As a check, we re-ran the analysis using the subsamples approach and compared the results. In essence, where the sample size of the subsamples allows for comparison, the findings do not change greatly. Since we estimate logit models, the difference in the coefficients do not provide differences in the estimated probabilities. To quantify the differences in the probabilities of taking-up the practices across countries, we have tested the marginal effects stemming from the estimated models.

RESULTS

The descriptive statistics are presented in Tables 2 and 3. Some of the practices, such as individual appraisal and variable pay for managers, are widespread across countries while others, such as forced distributions, are present in only a minority. Some of the explanatory variables are significantly correlated with one another. However, the variance inflation factor (VIF) statistics for all models indicate that multicollinearity is not a problem.

The logistic regression results are presented in Tables 4, 5, 6 and 7. All estimated models are significant, with satisfactory to good levels of variation explained. In Tables 4, 5, and 6, the results are presented in three columns for each practice corresponding to the blocks of variables identified above, with the logit coefficients and standard errors. The inclusion of the controls is justified by all models being significant with the controls only (column A in Tables 4, 5, and 6) and each control being significant in at least one model. Interestingly, in all of the models at least one of the HR function variables – an international HR policymaking committee and networking between HR practitioners across countries – is significant in one or more of the variants, confirming that controlling for strategic heterogeneity is indeed important. The results for the country dummies in column B capture the aggregate differences between the countries, enabling us to address Hypothesis 1. There are significant differences in all six models. In column C, which includes both the country dummies and their interactions with US ownership, the results for the country variables assess the differences in the take-up of PM practices in the domestic operations of indigenous MNCs across countries, thus allowing us to test Hypothesis 2. There is at

Table 2 Descriptive statistics of the dependent variables (% of firms)

	UK	Canada	Ireland	Spain	Den	Norw
Appraisal for the LOG						
Indigenous	93	68	58	61	48	68
US	80	72	81	80	88	100
All	84	71	76	70	63	74
Appraisal for managers						
Indigenous	100	90	88	83	63	72
US	95	96	96	88	88	100
All	96	95	94	86	72	78
Forced dist'n for the LOG						
Indigenous	9	12	6	17	15	27
US	20	27	33	31	33	50
All	17	23	26	25	22	31
Forced dist'n for managers						
Indigenous	12	16	12	22	25	38
US	26	41	42	30	40	50
All	22	34	35	27	31	41
Variable pay for the LOG						
Indigenous	70	63	59	54	50	61
US	77	57	70	71	76	71
All	75	59	67	63	60	63
Variable pay for managers						
Indigenous	84	95	88	98	80	83
US	93	92	91	97	76	71
All	91	92	90	98	79	81

Note: The variables for forced distribution include those who were not asked whether they had a forced distribution on the basis that they did not have the prerequisite of an individual performance appraisal (these cases were coded as not having a forced distribution).

least one significant difference between Nordic MNCs and the other national groups of MNCs for all six practices. Also from the results in column C, but looking at both the country dummies and their interactions with US ownership, we can assess differences in the PM practices of US MNCs across countries. In Table 7 we present each practice in one column. Besides the controls, we include the interactions of the country dummies with US ownership and also with being a domestic firm, helping us to test the differences in the take up of the practices between US and indigenous MCS in each country. From the estimated coefficients in Tables 4, 5, 6 and 7, we have computed the estimated differences in the probability of taking-up the PM practices across countries.[5] The results are reported in Table 8, which contains panels for each of the tests we conduct.

Regarding Hypotheses 1a–c (Table 8, first panel), there are some significant differences in the anticipated direction. MNCs in the Nordic area are less likely than those in three of the other four countries (UK, Canada and Ireland) to deploy individual appraisal for managers and less likely than those in

all four countries to use variable pay for managers. They are also less likely than those in the UK to use variable pay for the LOG. However, contrary to expectations, they are *more* likely than those in three of the other countries (UK, Canada and Ireland) to use forced distribution for the LOG and more likely than those in all four to use forced distribution for managers. There are some insignificant differences too, including for all country comparisons for appraisal for the LOG. Overall, there is support for Hypotheses 1a and 1c for the managerial group but not the LOG and no support for H1b.

Concerning Hypotheses 2a–c (second panel of Table 8), indigenous MNCs in the Nordic area are less likely than those in the UK to have appraisal for the LOG, less likely than those in Ireland to have appraisal for managers, less likely than those in Canada and Spain to have variable pay for managers. All of the other comparisons for appraisal and variable pay were insignificant. (We cannot provide estimates for appraisal for managers among UK MNCs because the dependent variable has no variability – all of the firms in this group have the

Table 3 Means and correlations of the explanatory variables

	Mean (%)	N	Sector	Sub size	Union pres	WWsize– Small	WWsize– Med	WWsize– Large	Int'l HR comm.	HR Network	UK	Canada	Ireland	Spain	Den- mark	Norway	US- owned
Sector – prod'n	56.5	720	1.000														
Sub size (1000 +)	43.5	713	−0.016	1.000													
Union presence	61.2	717	0.245*	0.226*	1.000												
WWsize– small	38.7	696	0.082*	−0.260*	−0.079*	1.000											
WWsize– med	34.9	696	−0.003	0.123*	0.053	−0.581*	1.000										
WWsize– large	26.4	696	−0.087*	0.154*	0.029	−0.476*	−0.439*	1.000									
Int'l HR comm.	66.0	706	−0.028	−0.001	0.013	−0.203*	0.060	0.158*	1.000								
HR network	1.77#	699	−0.028	0.070	−0.150*	−0.252*	0.004	0.274*	0.323*	1.000							
UK	23.2	720	−0.009	0.029	−0.170*	−0.001	0.026	−0.027	−0.089*	−0.044	1.000						
Canada	20.7	720	0.192*	−0.054	−0.100*	0.075*	0.022	−0.106*	0.049	0.202*	−0.281*	1.000					
Ireland	20.6	720	−0.046	−0.072	−0.075*	−0.023	−0.049	0.079*	−0.003	0.046	−0.280*	−0.260*	1.000				
Spain	24.0	720	−0.163*	0.113*	0.195*	−0.112*	0.022	0.099*	0.066	−0.144*	−0.309*	−0.287*	−0.286*	1.000			
Denmark	6.5	720	0.028	−0.062	0.127*	0.045	−0.053	0.008	−0.009	−0.055	−0.145*	−0.135*	−0.134*	−0.149*	1.000		
Norway	5.0	720	0.034	0.030	0.131*	0.068	0.020	−0.096*	−0.034	−0.025	−0.126*	−0.117*	−0.117*	−0.129*	−0.061	1.000	
US- owned	61.7	720	0.000	−0.334*	−0.263*	−0.333*	0.023	0.343*	0.145*	0.257*	0.136*	0.100*	0.069	−0.112*	−0.139*	−0.199*	1.000

Notes: * Correlation significant at 0.05 level (2-tailed).

The HR network intensity is a mean.

11

Table 4 Regression results – appraisal

	LOG			Managers		
	A	B	C	A	B	C[a]
Controls						
Sector	−1.146 (0.228)***	−1.184 (0.242)***	−1.210 (0.252)***	−0.274 (0.344)	−0.399 (0.369)	−0.256 (0.391)
Subsidiary size	0.074 (0.209)	0.244 (0.244)	0.364 (0.253)	0.535 (0.324)*	0.860 (0.399)**	0.745 (0.399)*
Union presence	−1.676 (0.265)***	−1.596 (0.281)***	−1.614 (0.283)***	−1.019 (0.406)**	−0.382 (0.428)	−0.407 (0.460)
WW size – medium	0.138 (0.246)	−0.027 (0.268)	−0.117 (0.273)	0.376 (0.347)	0.125 (0.398)	0.284 (0.429)
WW size – large	0.331 (0.282)	0.000 (0.332)	−0.275 (0.353)	1.393 (0.683)**	0.966 (0.710)	1.026 (0.737)
Int'l HR committee	0.914 (0.214)***	0.934 (0.217)***	0.937 (0.218)***	1.585 (0.337)***	1.660 (0.334)***	1.573 (0.346)***
Int'l HR Network	0.077 (0.077)	0.092 (0.081)	0.085 (0.083)	0.323 (0.135)**	0.286 (0.147)*	0.264 (0.154)*
Countries (ref cat: Den/Nor)						
UK		0.273 (0.396)	1.885 (0.763)**		2.240 (0.601)***	
Canada		−0.546 (0.388)	0.050 (0.542)		1.208 (0.568)**	0.788 (0.658)
Ireland		−0.233 (0.369)	−0.245 (0.482)		1.291 (0.499)**	1.173 (0.606)*
Spain		−0.223 (0.362)	−0.185 (0.447)		0.541 (0.446)	0.787 (0.525)
Origin						
US owned		0.423 (0.273)	1.911 (0.878)**		0.509 (0.440)	0.940 (0.839)
Interactions host × USow (ref cat: (Den/Nor) × USow)						
UK × US owned			−3.171 (1.121)***			
Canada × US owned			−1.900 (0.953)**			0.441 (1.115)
Ireland × US owned			−0.905 (0.924)			0.016 (1.088)
Spain × US owned			−0.780 (0.907)			−0.949 (0.960)
Constant	2.169 (0.320)***	2.095 (0.451)***	1.866 (0.491)***	1.514 (0.350)***	−0.021 (0.541)	−0.127 (0.569)
N	647	647	647	652	652	504
Nagelkerke R²	0.265	0.282	0.311	0.267	0.335	0.324
Cox and Snell R²	0.179	0.191	0.211	0.120	0.151	0.160
Model sig	104.43***	109.34***	116.62***	64.20***	96.58***	73.98***

Robust standard errors in parentheses.

[a] UK not included (no variability of this practice for indigenous firms in UK, see Table 2).

*** Significant at 1 % level; ** significant at 5 % level; * significant at 10 % level.

Table 5 Regression results – forced distribution

	LOG			Managers		
	A	B	C	A	B	C
Controls						
Sector	−0.814 (0.212)***	−0.731 (0.217)***	−0.790 (0.215)***	−0.191 (0.190)	−0.188 (0.196)	−0.223 (0.197)
Subsidiary size	−0.493 (0.222)**	−0.238 (0.252)	−0.268 (0.257)	−0.415 (0.199)**	−0.177 (0.228)	−0.234 (0.231)
Union presence	−0.635 (0.214)***	−0.854 (0.243)***	−0.804 (0.247)***	−0.522 (0.196)***	−0.642 (0.216)***	−0.634 (0.222)***
WW size – medium	0.238 (0.258)	0.101 (0.268)	0.087 (0.272)	0.337 (0.232)	0.242 (0.248)	0.257 (0.252)
WW size – large	0.816 (0.264)***	0.518 (0.302)*	0.501 (0.313)	0.870 (0.248)***	0.677 (0.297)**	0.763 (0.305)**
Int'l HR committee	0.249 (0.241)	0.180 (0.243)	0.187 (0.252)	0.482 (0.220)**	0.442 (0.224)**	0.434 (0.229)*
Int'l HR network	0.206 (0.079)**	0.221 (0.084)***	0.221 (0.086)**	0.208 (0.071)***	0.190 (0.076)**	0.206 (0.078)***
Countries (ref cat: Den/Nor)						
UK		−1.420 (0.443)***	−1.712 (0.785)**		−1.308 (0.391)***	−1.649 (0.666)**
Canada		−1.145 (0.426)***	−1.014 (0.679)		−0.713 (0.370)*	−1.440 (0.618)**
Ireland		−0.977 (0.402)**	−2.031 (0.818)**		−0.796 (0.364)**	−1.255 (0.608)**
Spain		−0.576 (0.397)	−0.467 (0.518)		−0.683 (0.363)*	−0.354 (0.446)
Origin						
US owned		0.541 (0.283)*	0.255 (0.682)		0.455 (0.259)*	0.068 (0.629)
Interactions host × USow (ref cat: (Den/Nor) × USow)						
UK × US owned			0.552 (0.960)			0.652 (0.860)
Canada × US owned			0.045 (0.896)			1.144 (0.822)
Ireland × US owned			1.414 (0.994)			0.781 (0.817)
Spain × US owned			−0.042 (0.775)			−0.408 (0.712)
Constant	−1.202 (0.275)***	−0.539 (0.428)	−0.444 (0.484)	−1.406 (0.245)***	−0.807 (0.383)**	−0.706 (0.428)
N	633	633	633	634	634	634
Nagelkerke R²	0.162	0.191	0.199	0.132	0.158	0.173
Cox and Snell R²	0.106	0.125	0.130	0.093	0.111	0.122
Model sig	57.49***	70.74***	73.73***	51.58***	64.16***	69.04***

Notes: Robust standard errors in parentheses.

*** Significant at 1 % level; ** significant at 5 % level; * significant at 10 % level.

Table 6 Regression results – pay linked to performance

	LOG			Managers		
	A	B	C	A	B	C
Controls						
Sector	−0.398 (0.185)**	−0.313 (0.195)	−0.288 (0.199)	−0.529 (0.319)*	−0.433 (0.348)	−0.556 (0.341)
Subsidiary size	−0.160 (0.186)	−0.264 (0.213)	−0.226 (0.216)	0.381 (0.342)	0.064 (0.388)	−0.032 (0.392)
Union presence	−0.862 (0.203)***	−0.860 (0.218)***	−0.896 (0.224)***	0.170 (0.333)	0.329 (0.377)	0.419 (0.392)
WW size – medium	0.193 (0.208)	0.183 (0.226)	0.169 (0.225)	−0.099 (0.338)	−0.128 (0.363)	−0.094 (0.365)
WW size – large	0.719 (0.253)***	0.672 (0.299)**	0.597 (0.299)**	0.459 (0.462)	0.507 (0.493)	0.685 (0.497)
Int'l HR committee	−0.174 (0.200)	−0.187 (0.202)	−0.184 (0.203)	0.420 (0.325)	0.352 (0.347)	0.417 (0.342)
Int'l HR network	0.142 (0.068)**	0.206 (0.073)***	0.197 (0.075)***	0.184 (0.119)	0.251 (0.127)**	0.236 (0.127)*
Countries (ref cat: Den/Nor)						
UK		0.590 (0.350)*	0.770 (0.485)		1.727 (0.546)***	0.792 (0.663)
Canada		−0.444 (0.343)	0.019 (0.485)		1.291 (0.504)**	1.342 (0.864)
Ireland		0.019 (0.334)	0.303 (0.456)		0.992 (0.469)**	0.589 (0.570)
Spain		0.207 (0.314)	0.120 (0.377)		2.380 (0.598)***	2.973 (1.085)***
Origin						
US owned		−0.094 (0.245)	0.434 (0.647)		−0.389 (0.427)	−1.204 (0.737)
Interactions host × USow (ref cat: (Den/Nor) × USow)						
UK × US owned			−0.623 (0.770)			1.941 (0.957)**
Canada × US owned			−1.008 (0.763)			0.545 (1.084)
Ireland × US owned			−0.769 (0.765)			1.108 (0.941)
Spain × US owned			−0.014 (0.716)			−0.548 (1.341)
Constant	1.149 (0.243)***	1.021 (0.362)***	0.927 (0.389)**	1.890 (0.349)***	0.791 (0.489)	0.996 (0.506)**
N	639	639	639	643	643	643
Nagelkerke R^2	0.113	0.140	0.148	0.058	0.135	0.153
Cox and Snell R^2	0.082	0.101	0.107	0.025	0.058	0.066
Model sig	51.42***	62.69***	67.17***	14.89**	34.94***	42.57***

Notes: Robust standard errors in parentheses.

*** Significant at 1 % level; ** significant at 5 % level; * significant at 10 % level.

Table 7 Regression results – all outcome variables (variation within countries)

	Appraisal LOG[a]	Appraisal Managers[b]	Forced distrib. LOG[a]	Forced distrib. Managers[b]	Variable pay LOG[a]	Variable pay Managers[b]
Controls						
Sector	−1.266 (0.256)***	−0.311 (0.419)	−0.789 (0.217)***	−0.215 (0.198)	−0.286 (0.199)	−0.556 (0.342)
Subsidiary size	0.394 (0.264)	0.737 (0.430)*	−0.317 (0.260)	−0.260 (0.233)	−0.227 (0.217)	−0.022 (0.400)
Union presence	−1.61 (0.288)***	−0.515 (0.495)	−0.823 (0.248)***	−0.642 (0.222)***	−0.896 (0.225)***	0.427 (0.394)
WW size – medium	−0.154 (0.282)	0.266 (0.464)	0.078 (0.275)	0.252 (0.253)	0.167 (0.226)	−0.095 (0.366)
WW size – large	−0.319 (0.362)	1.032 (0.773)	0.541 (0.317)*	0.784 (0.309)**	0.588 (0.301)*	0.640 (0.504)
Int'l HR committee	0.967 (0.226)***	1.811 (0.390)***	0.207 (0.251)	0.441 (0.229)*	−0.186 (0.203)	0.407 (0.347)
Int'l HR network	0.11 (0.086)	0.327 (0.165)**	0.215 (0.086)**	0.204 (0.078)***	0.199 (0.075)***	0.246 (0.129)*
Interactions host × US owned						
UK × US owned	Ref. category		Ref. category	Ref. category	Ref. category	Ref. category
Can × US owned	−0.576 (0.381)	Ref. category	0.188 (0.361)	0.698 (0.324)**	−1.138 (0.333)***	−0.850 (0.575)
Ire × US owned	0.13 (0.417)	−0.022 (0.862)	0.527 (0.347)	0.514 (0.318)	−0.613 (0.341)*	−1.030 (0.565)*
Sp × US owned	0.316 (0.458)	−1.418 (0.793)*	0.635 (0.397)	0.228 (0.372)	−0.038 (0.386)	−0.298 (0.728)
Den × US owned	0.819 (0.837)	−1.837 (0.888)**	0.677 (0.707)	0.713 (0.655)	0.007 (0.763)	−2.538 (0.878)***
Nor × US owned			1.995 (0.932)**	1.541 (0.945)	−0.415 (0.946)	−3.051 (1.147)***
Interactions indigenous MNCs						
UK × UK owned	1.269 (0.74)*		−0.790 (0.694)	−0.709 (0.599)	0.190 (0.463)	−0.737 (0.718)
Can × Can owned	−0.609 (0.523)	−1.371 (0.848)	−0.086 (0.603)	−0.501 (0.568)	−0.565 (0.469)	−0.203 (0.956)
Ire × Ire owned	−0.893 (0.446)**	−0.901 (0.768)	−1.105 (0.771)	−0.313 (0.568)	−0.279 (0.451)	−0.946 (0.708)
Sp × Sp owned	−0.824 (0.406)**	−1.266 (0.768)*	0.465 (0.457)	0.589 (0.399)	−0.460 (0.362)	1.439 (1.160)
Dk × Dk owned	−1.277 (0.571)**	−2.488 (0.808)***	0.213 (0.745)	0.469 (0.593)	−0.768 (0.474)	−1.564 (0.680)**
Nor × Nor owned			1.492 (0.632)**	1.336 (0.561)**	−0.373 (0.514)	−1.504 (0.744)**
Constant	2.49 (0.427)***	1.977 (0.715)***	−1.332 (0.359)***	−1.629 (0.322)***	1.507 (0.338)***	2.516 (0.535)***
N	616	472	633	634	639	643
Nagelkerke R²	0.329	0.365	0.208	0.177	0.150	0.153
Cox and Snell R²	0.223	0.176	0.136	0.125	0.108	0.067
Model sig	116.22***	67.97***	77.40***	72.59***	67.28***	42.50***

Notes: Robust standard errors in parentheses.

[a] Norway not included (no variability of this practice for US firms in Norway, see Table 2).

[b] UK and Norway not included (no variability of this practice for indigenous firms in UK and US firms in Norway, see Table 2).

*** Significant at 1 % level; ** significant at 5 % level, * significant at 10 % level.

Table 8 Differences in the take-up of PM practices

	Appraisal LOG	Appraisal Managers	Forced distrib. LOG	Forced distrib. Managers	Variable pay LOG	Variable pay Managers
Differences across countries						
UK vs Den-Nor	0.037 (0.054)	0.143 (0.041)***	−0.229 (0.076)***	−0.249 (0.075)***	0.114 (0.069)*	0.175 (0.062)***
Canada vs Den-Nor	−0.085 (0.059)	0.101 (0.049)**	−0.194 (0.076)***	−0.147 (0.077)*	−0.097 (0.074)	0.149 (0.063)**
Ireland vs Den-Nor	−0.035 (0.054)	0.105 (0.044)**	−0.171 (0.074)**	−0.162 (0.075)**	0.004 (0.070)	0.125 (0.064)**
Spain vs Den-Nor	−0.033 (0.053)	0.053 (0.045)	−0.107 (0.076)	−0.141 (0.076)*	0.042 (0.065)	0.199 (0.056)***
Differences across countries in the domestic operations						
UK vs Den-Nor	0.231 (0.077)***		−0.235 (0.098)**	−0.282 (0.100)***	0.148 (0.090)	0.080 (0.062)
Canada vs Den-Nor	0.008 (0.092)	0.087 (0.070)	−0.164 (0.105)	−0.257 (0.100)**	0.004 (0.103)	0.114 (0.059)*
Ireland vs Den-Nor	−0.043 (0.084)	0.119 (0.061)*	−0.259 (0.092)***	−0.232 (0.104)**	0.062 (0.093)	0.064 (0.060)
Spain vs Den-Nor	−0.032 (0.078)	0.087 (0.058)	−0.084 (0.095)	−0.075 (0.095)	0.025 (0.080)	0.154 (0.048)***
Differences across countries in US MNCs						
UK vs Den-Nor	−0.135 (0.065)**		−0.200 (0.116)*	−0.197 (0.120)*	0.027 (0.116)	0.333 (0.135)**
Canada vs Den-Nor	−0.223 (0.068)***	0.071 (0.063)	−0.173 (0.116)	−0.064 (0.122)	−0.211 (0.119)*	0.283 (0.136)**
Ireland vs Den-Nor	−0.116 (0.064)*	0.070 (0.062)	−0.117 (0.115)	−0.100 (0.118)	−0.095 (0.118)	0.266 (0.139)*
Spain vs Den-Nor	−0.092 (0.065)	−0.014 (0.068)	−0.098 (0.116)	−0.156 (0.119)	0.020 (0.116)	0.319 (0.137)**
Differences between US MNCs and indigenous MNCs in each country						
Diff. in UK	−0.130 (0.060)**		0.084 (0.063)	0.099 (0.073)	−0.033 (0.078)	0.042 (0.046)
Diff. in Canada	0.005 (0.087)	0.082 (0.055)	0.038 (0.078)	0.206 (0.082)**	−0.127 (0.097)	−0.041 (0.051)
Diff. in Ireland	0.160 (0.079)**	0.045 (0.041)	0.188 (0.064)***	0.143 (0.089)	−0.069 (0.094)	−0.008 (0.059)
Diff. in Spain	0.171 (0.071)**	−0.013 (0.060)	0.029 (0.080)	−0.070 (0.081)	0.083 (0.079)	−0.046 (0.033)
Diff. in Denmark	0.307 (0.123)**	0.078 (0.106)	0.076 (0.155)	0.050 (0.167)	0.157 (0.158)	−0.166 (0.173)
Diff. in Norway			0.108 (0.220)	0.046 (0.227)	−0.009 (0.207)	−0.284 (0.234)

Notes: Standard errors in parentheses computed through the Delta method

(a) UK not included; (b) Norway not included; (c) UK and Norway not included. See comments to Tables 4 and 7.

*** Significant at 1 % level; ** significant at 5 % level; * significant at 10 % level

practice.) For forced distributions, the results revealed significant differences between those in the Nordic area and those in the UK, Ireland and Canada but in the opposite direction to that hypothesized. Overall, there is very little support for H2a–c.

The third panel of Table 4, 5, 6 and 7 reports the results for the differences in the take-up of PM practices of US MNCs across countries. US MNCs in the Nordic area are significantly less likely to have variable pay for managers compared with those in all four of the other countries. In contrast, they are significantly more likely than those in the UK, Canada and Ireland to have appraisal for the LOG, more likely than those in the UK to have forced distribution for the LOG and for managers, and more likely than those in Canada to have variable pay for the LOG. All of the other comparisons were insignificant. Overall, where there are significant differences these are not systematically in one or other direction, while there are a large number of insignificant differences. This largely confirms our starting position that US MNCs do not adapt their practices to institutional constraints.

The differences in the take up of the practices between US and indigenous MNCs in the six countries are presented in the bottom panel of Table 8, enabling us to test the third set of hypotheses. In Canada US MNCs are more likely than indigenous ones to have forced distributions for managers, in Ireland they are more likely than Irish MNCs to have appraisal for the LOG and forced distribution for the LOG, and in Spain and Denmark they are more likely than indigenous ones to have appraisal for the LOG. Conversely, in the UK US MNCs are less likely than British MNCs to have appraisal for the LOG. In the main, though, it is evident from Table 8 that the differences between US MNCs and indigenous ones are largely insignificant and, in particular, the differences between the two groups are not more evident in Denmark and Norway than in the other countries. Hence, there is no support for Hypotheses 3a–c.

DISCUSSION

The results provide only limited support for the hypotheses and thus question the theoretical approach based on the constraining effect of cross-national differences, an approach which underpins much scholarship in this area. Thus the findings constitute a challenge to the conventional way of framing comparative analysis of MNCs and in making sense of them we return to the overarching themes of standardization, differentiation and heterogeneity of practices within countries.

Overall, the story is not primarily one of differentiation created by institutional constraints. It is not surprising that this shows through in the analysis of US MNCs, where the results confirm our expectations that the take-up of PM practices across countries varies only partially. We argue that this reflects the combination of dominance effects and the way that US firms possess the organizational means with which to expand internationally by extending domestic management structures to other countries (Ferner et al., 2004). This has allowed US MNCs to establish control over their operations in other countries to a greater extent than is the case in MNCs of most other nations and to adopt a preferred set of practices that are largely standardized across countries. It is more surprising, however, that the hypotheses concerning cross-national variation were not strongly supported, either for MNCs as a whole (H1) or for indigenous MNCs (H2). While some institutional analysis points to homogenizing processes across borders, the findings present challenges to the assumptions of other strands of work informed by institutions. In particular, they question the claims of Rosenzweig and Nohria (1994) concerning the primacy of localization pressures and suggest that the conventional wisdom of the constraining element of institutions is overstated, at least for PM practices.

However, neither is there full standardization. There are some significant cross-national differences, indicating that the pressures of global competition are not so strong as to result in the take-up of PM practices being the same across countries. These findings qualify some of the stronger claims concerning standardization, such as Pudelko and Harzing's argument that 'convergence to a worldwide best practices model is clearly present' (Pudelko & Harzing, 2007: 535). But if these differences are not all due to institutional constraints – and the fact that some are in the opposite direction to those hypothesized confirms that they are not – what does cause them?

One interpretation is that the differences should be seen not just as the result of institutional constraints but also as the product of the strategiz-

ing of senior actors in MNCs who use institutions as resources to aid the introduction of new practices. As observed earlier, MNCs do not operate in a single organizational field and this gives them scope to pick and choose parts of models and adapt them in novel ways (Kostova et al., 2008). Moreover, actors at senior level in MNCs can exploit the latitude that exists within fields, using a particular institution to gain acceptance to the implementation of new practices to which other aspects of the institutional context may not be conducive. The findings concerning forced distributions – for which Nordic MNCs have a significantly higher take-up than indigenous MNCs in the other countries – are intriguing in this respect. Whilst the Nordic economies are certainly characterized by higher union density and lower inequality, they are also made up of mixed or hybrid institutions (e.g. Campbell & Pedersen, 2007). In particular, some argue that labour markets are structured such that employees enjoy a high degree of security concerning their employment and income prospects whilst firms have considerable scope for flexibility and experimentation, known as 'flexicurity' (Amable, 2003; Hagen & Trygstad, 2009; Kristensen & Morgan, 2012). The greater use of forced distributions in Nordic MNCs when compared with MNCs from the other countries may be due to 'flexicurity'. Such practices may signal an attempt to drive forward a stronger performance culture than hitherto in a way that may provoke resistance from workers and their representatives who fear that they will jeopardize their job security. In the Nordic area, however, where employment and income security (whether with their current employer or another one) is strongly protected, forced distributions may not constitute a threat. This suggests that an institutional approach is indeed useful; institutions are not merely constraints on management, but rather should be seen as facilitating and promoting certain practices at firm level (Jackson & Deeg, 2008), in this case the use of PM practices. In this sense, we need both an actor-centred form of institutionalism (Scharpf, 1997) and one that is sensitive to distinct national contexts.

Turning to the issue of intra-national heterogeneity, how can we understand our findings? For those practices where there are significant differences between US and indigenous firms it may be that the two groups operate in different segments of the institutional context. In Ireland US MNCs more commonly appraise the individual

performance of the LOG and use forced distributions in evaluating the performance of the LOG, but we do not find differences for managers. The Irish results should be seen in the light of the country's industrial strategy, which has placed great emphasis on attracting foreign capital with public authorities creating a conducive institutional environment that allows foreign MNCs to operate with their desired practices, particularly the 'tacit understanding of an MNC's freedom to establish operations in a union-free environment, regardless of national partnership arrangements' (Lamare, Gunnigle, Marginson, & Murray, 2013: 704). This clearly distinguishes them from the fledgling indigenous multinational sector which is seen as lagging behind more mature MNCs in the 'sophistication' of their practices (McDonnell, Lavelle, & Gunnigle, 2014). Thus we might characterize Ireland as consisting of distinct institutional fields for the foreign and indigenous sectors, with this showing up in differential take-up of practices for the LOG. Where we do find such heterogeneity, therefore, it may be that this is caused by the differential way in which institutions affect the two groups of firms.

The main finding, however, is that there is relatively little evidence of differences between US and indigenous MNCs in our six countries. One part of the reason for this may have to do with practices becoming very widespread among international firms such that they are part of a 'global way' of doing things. Indeed, the evidence on some of the practices, most notably individual appraisal for managers which are extremely widespread across both indigenous and US MNCs in all the countries we examined, indicates that in both groups of firms they have become part of the taken-for-granted way of operating among MNCs, regardless of national context. This part of the explanation is consistent with a convergence view. However, another part of the answer may be quite different from the convergence explanation. This is that institutions in highly regulated economies can facilitate the introduction of PM practices in subtle and unanticipated ways. As argued above, the institutions that give rise to 'flexicurity' may promote some of these practices in Nordic MNCs, particularly forced distributions in indigenous firms. It is quite possible that the institutions in more deregulated economies such as the US promote these practices in a different way – namely that managers face less organized

opposition to their introduction or operation – and that these pressures from the home country of US MNCs may be influential on their foreign operations. The upshot appears to be that different institutional configurations exerted on indigenous and US firms may produce a similar incidence of PM practices.

CONCLUSION

This article has been based on a dataset constructed from a parallel series of national surveys of MNCs and their employment practices. The national comparisons have been between contrasting countries but within a manageable number, with the data pertaining to particular practices and identifiable occupational groups. The surveys have permitted a range of controls to be used and the representativeness of the data is high. In methodological terms, therefore, the article has broken new ground.

We have addressed two questions: (1) are there differences in the take-up of PM practices across six countries? and (2) are there significant differences in the take-up of practices between indigenous and US-owned MNCs in each of the countries? Regarding the first question, we found that the take up of PM practices varies only partially across countries, and the variation we do observe cannot fully be explained by institutional constraints. Rather than rejecting an institutional approach outright, however, we argue that institutions can promote certain practices at firm level in a differential way across countries. In relation to the second question, there is relatively little evidence of systematic differences between indigenous and US firms, and a straightforward focus on the strength of institutional constraints does not have analytical purchase. While some practices, such as individual appraisal for managers, are so widespread in MNCs that we may see them as detached from institutional influences, this cannot be the whole story since most of the practices are not employed universally. Once again, we do not reject an institutionalist approach outright but rather argue that it needs to be applied in such a way that is sensitive to dual institutional fields that exist within some economies and to the subtle ways in which different national institutional frameworks can, through quite different processes, result in a similar take-up of practices across countries. Thus we have argued for an actor-centred form of institutionalism that is sensitive to distinct national contexts.

This is significant theoretically because the mainstream approach to the standardization–differentiation issue has focused on nationally coherent institutions and practices, sometimes through the use of categories of business system, sometimes through an overall measure or index of institutions and practices at national level. What this misses is that institutions do not simply constrain firms in consistent ways across an economy; rather, institutions sometimes have partial coverage within countries, they can promote the use of some practices as opposed to simply constraining them, and the impact of one institution may offset another. For practitioners in MNCs, understanding this diversity is a crucial consideration in such issues as investment decisions. For example, while an index or measure of national institutions may suggest certain adaptations to local context are necessary, in practice diverse patterns of practice associated with regions within countries may allow greater choice for MNCs.

Implications

Our study offers at least three implications for how MNCs are studied. The first concerns whether research should address particular practices or group practices together into bundles. The evidence strongly points to the need for disaggregated analysis; the national effects took different forms for the different practices, so we should be wary of grouping practices together into categories. The second is related to the first and concerns whether we should examine particular countries or group them into clusters. Our argument concerning the subtle ways in which institutions operate in distinct national contexts indicates that researchers should be wary of grouping countries into categories such as 'liberal market economies' as some have argued (e.g. Morgan, 2009). The variations we have analyzed are more nationally and practice specific than that. Only where there are very strong similarities in institutions across countries, as we have argued is the case in the Nordic area, such categories may be used, albeit with caution. The third concerns the survey design. Many studies of MNCs and HRM practices are based on secondary data, often using surveys that were conducted without a specific focus on MNCs, such as the CRANET series. This approach makes sense in many ways, not least that it facilitates analysis of MNCs whilst avoiding the resource demands of conducting a new survey. But it also entails drawbacks; particularly that surveys that were not

designed to look at MNCs tend not to contain data on the wider firm of which the surveyed subsidiary is a part. This means that the types of controls we have used, and demonstrated to be important, are not available. A major advance in our analysis compared with previous work has been the ability to control for several important influences on employment policy and practice, such as sector, the size of both subsidiaries and the wider companies, the presence of a trade union, and some aspects of 'strategic heterogeneity'. Evidently, there are major advantages to carrying out bespoke surveys focused on multinationals.

Limitations

There are, of course, limitations. In particular, the surveys relied on a single respondent per firm. Seeking two or more respondents in each firm would inevitably have significantly increased the cost and adversely affected the response rate. One potential consequence of relying on a single respondent is that it can lead to common method variance in which bias is introduced through key variables being derived from the same respondent (Chang, Witteloostuijn, & Eden, 2010). As Podsakoff, MacKenzie, and Lee (2003: 881) note, this is likely to be 'particularly problematic in those situations in which respondents are asked to provide retrospective accounts of their attitudes, perceptions and/or behaviors'. In our study the data were neither retrospective nor attitudinal; rather, they were derived from questions about contemporary aspects of the organization and the subsidiary. We are still mindful of the likelihood of some measurement error in our data and so following Wright, Gardner, Moynihan, and Park (2001) we took a number of steps to minimize such error by: ensuring that the most knowledgeable and authoritative respondent was used; being sensitive to the information demands on the respondent; communicating in advance the kind of information we would require; and devoting considerable time to the wording of the items through exhaustive development and piloting of the questionnaire. Nevertheless, we acknowledge the use of a single respondent as a limitation. There are other limitations too of course. The cell sizes are at times a little small, and variation within cells sometimes is limited. Moreover, some of the controls, such as those relating to 'strategic heterogeneity', might be refined further in future research.

While claims concerning the universal primacy of either standardization or local adaptation to institutional constraints are attractive in providing a neat story, our analysis has shown that neither is an accurate picture. Of course, our findings cannot be generalized across all areas of HR practice, nor to all countries, and we acknowledge these 'boundary constraints' (Whetten, 1989: 492) on our argument. It follows that it will be useful to extend the range of countries in future research. A natural extension to this analysis would be to extend it to new countries. One extension would be to the USA, the largest destination for, and source of, FDI. This would present the opportunity to consider US MNCs in their domestic setting, and compare them with foreign MNCs. Another extension would be to emerging or transition economies, which have been both the recipient and source of a growing amount of foreign direct investment and have been exposed to western management practices. Would the same conclusions regarding the influences of dominance and standardization on the one hand and national distinctiveness and localization on the other? This is a task left to the future.

NOTES

[1]We constructed weights in cases where the difference between the population and the achieved sample was greater than 5 %. Our analysis indicated that the descriptive statistics did not change using weighted data. Following conventions, weights are not appropriate for the multivariate analysis.

[2]We created a series of dummy variables (Professional; Associate Professional and Technical; Administrative; Skilled Trades; Sales; Operators; Elementary; and Other) and included these in additional analyses to check whether the occupational category of the LOG affected the results. In some cases we encountered difficulties in getting these data, meaning that we would have had to exclude Denmark from the article had we included this variable in the full analysis. Nevertheless, we were keen to explore the impact of including the LOG variable in the other four countries and found that the country differences revealed in Tables 4, 5, and 6 remained almost exactly the same.

[3]To explore the data further, we also created an index of the six practices and conducted linear regression analysis on this index. The support for the hypotheses tested this way was broadly similar to that generated by the logistic regressions on the individual practices. Moreover, we split the index of six practices into two indices, one for managers and one for the LOG, and the results were very similar to those for the single index.

[4]Given that Table 1 shows that the UK and Spain share many similarities in terms of inequality and union coverage, and that Ireland and Canada also share similarities, we also conducted the analysis with these countries paired together. Thus the analysis contained a Nordic reference category and the UK–Spain and Ireland–Canada. The pattern of the results is very similar to those reported in the article.

[5]From the models with interactions reported in columns C in Tables 4, 5, 6 and in Table 7, we can analyze differences in the take-up of practices for different countries and groups of MNCs. Let $X'\beta$ be the linear combination of control variables and their associated parameters. Considering the model in column C in Tables 4, 5, and 6, the probability of taking-up a given practice is given by (we omit the subindex for the firms):

$$F(\beta_0 + X'\beta + \beta_1 UK + \beta_2 Canada + \beta_3 Ireland$$
$$+ \beta_4 Spain + \beta_5 USown + \beta_6 UK * USown$$
$$+ \beta_7 Canada * USown + \beta_8 Ireland * USown$$
$$+ \beta_9 Spain * USown),$$

where $F(.)$ is the cumulative logistic distribution, *USown* is the dummy for US MNCs (ref. category: non US MNCs) and *UK*, *Canada*, *Ireland* and *Spain* are dummies for each country (ref. category: Nordic group, composed by Denmark and Norway). If we are interested, for example, in UK vs Denmark-Norway in the domestic operations, we compare these two probabilities: $F(\beta_0 + X'\beta + \beta_1)$ for UK, and $F(\beta_0 + X'\beta)$ for the Nordic group. If we are interested in the same comparison, UK vs Denmark–Norway, but in US MNCs, the probabilities to compare are: $F(\beta_0 + X'\beta + \beta_1 + \beta_5 + \beta_6)$ for UK, and $F(\beta_0 + X'\beta + \beta_5)$ in the Nordic group. We proceed analogously for all the possible comparisons.

Considering the models in Table 7, that include the interactions of the country dummies (for the six individual countries) with US ownership and also with being a domestic firm (ref. category: UK*USowned), the probability of taking-up a given practice is given by:

$$F(\lambda_0 + X'\lambda + \lambda_1 Canada * USown$$
$$+ \lambda_2 Ireland * USown + \lambda_3 Spain * USown$$
$$+ \lambda_4 Denmark * USown + \lambda_5 Norway$$
$$* USown + \lambda_6 UK * UK\_own + \lambda_7 Canada$$
$$* Canada\_own + \lambda_8 Ireland * Ireland\_own$$
$$+ \lambda_9 Spain * Spain\_own + \lambda_{10} Denmark$$
$$* Denmark\_own + \lambda_{11} Norway * Norway\_own)$$

In we are interested, for example, in the differences in UK between US MNCs and indigenous firms, we compare: $F(\lambda_0 + X'\lambda)$ for US MNCs in UK, and $F(\lambda_0 + X'\lambda + \lambda_6)$ for domestic firms in UK. In Canada, the probabilities to compare are: $F(\lambda_0 + X'\lambda + \lambda_1)$ for US MNCs in Canada, and $F(\lambda_0 + X'\lambda + \lambda_7)$ for Canadian firms in Canada. Analogously, we can compare US MNCs and indigenous firms in each country.

REFERENCES

Almond, P., & Ferner, A. 2006. *American multinationals in Europe: Managing employment relations across national borders.* Oxford: Oxford University Press.

Amable, B. 2003. *The diversity of modern capitalism.* Oxford: Oxford University Press.

Becker, B., & Huselid, M. 1998. High performance work systems and firm performance: A synthesis of research and managerial implications. In G. Ferris (Ed.) *Research in personnel and human resource management*: 165–197. Greenwich, CT: JAI Press.

Björkman, I., Ehrnrooth, M., Smale, A., & John, S. 2011. The determinants of line management internalisation of HRM practices in MNC subsidiaries. *International Journal of Human Resource Management,* 22(8): 1654–1671.

Björkman, I., Fey, C., & Park, H. 2007. Institutional theory and MNC subsidiary HRM practices: Evidence from a three-country study. *Journal of International Business Studies,* 38(3): 430–446.

Björkman, I., & Lervik, J. 2007. Transferring HRM practices within multinational corporations. *Human Resource Management Journal,* 17(4): 320–335.

Bonache, J., Trullen, J., & Sanchez, J. 2012. Managing cross-cultural differences: Testing human resource models in Latin America. *Journal of Business Research,* 65(12): 1773–1781.

Brewster, C., Wood, G., & Brookes, M. 2008. Similarity, isomorphism or duality? Recent survey evidence on the human resource management policies of multinational corporations. *British Journal of Management,* 19(4): 320–342.

Buckley, P., & Enderwick, P. 1985. *The industrial relations practices of foreign-owned firms in Britain.* London: Macmillan.

Campbell, J., & Pedersen, O. 2007. The varieties of capitalism and hybrid success: Denmark in the global economy. *Comparative Political Studies,* 40(2): 307–332.

Caprar, D., Devinney, T., Kirkman, B., & Caligiuri, P. 2015. Conceptualizing and measuring culture in international business and management: From challenges to potential solutions. *Journal of International Business Studies,* 46(9): 1011–1027.

Chang, S.-J., Witteloostuijn, A., & Eden, L. 2010. From the editors: Common method variance in international business research. *Journal of International Business Studies,* 41(2): 178–184.

Chiang, F., & Birtch, T. 2007. The transferability of management practices: Examining cross-national differences in reward preferences. *Human Relations,* 60(9): 1293–1330.

Compa, L. 2012. When in Rome: The exercise of power by foreign multinational companies in the United States. *Transfer,* 20(2): 271–293.

Crouch, C. 2005. Models of capitalism. *New Political Economy,* 10(4): 439–456.

Dicken, P. 2011. *Global shift: Mapping the changing contours of the global economy.* London: Sage.

DiMaggio, P., & Powell, W. 1983. The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review,* 48(2): 147–160.

Dunning, J. 2009. Location and the multinational enterprise: John Dunning's thoughts on receiving the Journal of International Business Studies 2008 Decade Award. *Journal of International Business Studies,* 40(1): 20–34.

Edwards, T., & Ferner, A. 2002. The renewed 'American Challenge': A review of employment practice in US multinationals. *Industrial Relations Journal,* 33(2): 94–111.

Edwards, T., & Kuruvilla, S. 2005. International HRM: National business systems, organizational politics and the international division of labour in MNCs. *International Journal of Human Resource Management,* 16(1): 1–21.

Elger, T., & Smith, C. 2005. *Assembling work: Remaking factory regimes in Japanese multinationals in Britain.* Oxford: Oxford University Press.

Farndale, E., Brewster, C., & Poutsma, E. 2008. Coordinated versus liberal market HRM: The impact of institutionalization on multinational firms. *International Journal of Human Resource Management,* 19(11): 2004–2023.

Ferner, A. 1997. Country of origin effects and HRM in multinational companies. *Human Resource Management Journal,* 7(1): 19–37.

Ferner, A., & Almond, P. 2013. Performance and reward practices in foreign multinationals in the UK. *Human Resource Management Journal,* 23(3): 241–261.

Ferner, A., et al. 2004. The dynamics of central control: Transmission and adaptation of 'American' traits in US multinationals abroad: Case study evidence from the UK. *Organization Studies,* 25(3): 363–391.

Ferner, A., Belanger, J., Tregaskis, O., Morley, M., & Quintanilla, J. 2013. US MNCs and the control of subsidiary human resource and employment practice. *Industrial and Labor Relations Review,* 66(3): 645–696.

Ferner, A., Edwards, T., & Tempel, A. 2012. Power, institutions and the cross-national transfer of employment practices in multinationals. *Human Relations,* 65(2): 163–187.

Geary, J., & Roche, W. 2001. Multinationals and human resource practices in Ireland: A rejection of the 'new conformance thesis'. *International Journal of Human Resource Management,* 12(1): 109–127.

Gooderham, P., Grøgaard, B., & Nordhaug, O. 2013. *International management: Theory and practice.* Cheltenham: Edward Elgar.

Gooderham, P., Nordhaug, O., & Ringdal, K. 1998. When in Rome, do they do as the Romans? HRM practices of US subsidiaries in Europe. *Management International Review,* 38(2): 47–64.

Greenwood, R., Raynard, F., Kodeih, F., Micelotta, E., & Lounsbury, M. 2011. Institutional complexity and organizational responses. *Academy of Management Annals,* 5(1): 317–371.

Grote, R. 2005. *Forced ranking: Making performance management work.* Boston: Harvard Business School.

Gunnigle, P., Turner, T., & D'Art, D. 1998. Counterpoising collectivism: Performance-related pay and industrial relations in greenfield sites. *British Journal of Industrial Relations,* 36(4): 565–579.

Hagen, I., & Trygstad, S. 2009. Local flexicurity: Resolving the conflict between direct and representative participation. *Transfer: European Review of Labour and Research,* 15(3–4): 557–577.

Hall, P., & Soskice, D. 2001. *Varieties of capitalism: The institutional foundations of comparative advantage.* Oxford: Oxford University Press.

Heery, E. 2000. Trade unions and the management of reward. In G. White & J. Druker (Eds.), *Reward management: A critical text* (pp. 54–83). London: Routledge.

Heywood, J., & Jirjahn, U. 2014. Variable pay, industrial relations and foreign ownership: Evidence from Germany. *British Journal of Industrial Relations,* 52(3): 521–552.

Hult, G., et al. 2008. Data equivalence in cross-cultural international business research: Assessment and guidelines. *Journal of International Business Studies,* 39(6): 1027–1044.

Jackson, G., & Deeg, R. 2008. Comparing capitalisms: Understanding institutional diversity and its implications for international business. *Journal of International Business Studies,* 39(4): 540–561.

Jacoby, S. 2005. *The embedded corporation: Corporate governance and employment relations in Japan and the United States.* Princeton, NJ: Princeton University Press.

Jain, H., Lawler, J., & Morishima, M. 1998. Multinational corporations, human resource management and host-country nationals. *International Journal of Human Resource Management,* 9(4): 533–566.

Jiang, K., Takeuchi, R., & Lepak, D. 2013. Where do we go from here? New perspectives on the black box in strategic human

resource management research. *Journal of Management Studies,* 50(8): 1448–1480.

Katz, H., & Darbishire, O. 2000. *Converging divergences: Worldwide changes in employment systems.* Ithaca, NY: Cornell University Press.

Khilji, S., & Wang, X. 2006. 'Intended' and 'implemented' HRM: The missing linchpin in strategic human resource management research. *International Journal of Human Resource Management,* 17(7): 1171–1189.

Kostova, T. 1999. Transnational transfer of strategic organizational practices: A contextual perspective. *Academy of Management Review,* 24(2): 308–324.

Kostova, T., & Roth, K. 2002. Adoption of an organizational practice by subsidiaries of multinational corporations: Institutional and relational effects. *Academy of Management Journal,* 45(1): 215–233.

Kostova, T., Roth, K., & Dacin, M. T. 2008. Institutional theory in the study of multinational corporations: A critique and new directions. *Academy of Management Review,* 33(4): 994–1006.

Kristensen, P. H., & Morgan, G. 2012. From institutional change to experimentalist institutions. *Industrial Relations,* 51(1): 413–437.

Lamare, R., Gunnigle, P., Marginson, P., & Murray, G. 2013. Union status and double-breasting at multinational companies in three liberal market economies. *Industrial and Labor Relations Review,* 66(3): 696–722.

Lawler, E. 2003. Reward practices and performance management system effectiveness. *Organizational Dynamics,* 32(4): 396–404.

Lemieux, T., MacLeod, W. B., & Parent, D. 2009. Performance pay and wage inequality. *The Quarterly Journal of Economics,* 124(1): 1–49.

Mäkelä, K., Björkman, I., & Ehrnrooth, M. 2009. MNC subsidiary staffing architecture: Building human and social capital within the organization. *International Journal of Human Resource Management,* 20(6): 1273–1290.

Mäkelä, K., Sumelius, J., Höglund, M., & Ahlvik, C. 2012. Determinants of strategic HR capabilities in MNC subsidiaries. *Journal of Management Studies,* 49(8): 1459–1483.

Marginson, P., Edwards, P., Edwards, T., Ferner, A., & Tregaskis, O. 2010. Channels and coverage of employee voice in multinational companies operating in Britain. *British Journal of Industrial Relations,* 48(1): 151–180.

McDonnell, A., Lavelle, J., & Gunnigle, P. 2014. Human resource management in multinational enterprises: Evidence from a late industrializing economy. *Management International Review,* 54(3): 1–20.

McKnight, P., McKnight, K., Sidani, S., & Figueredo, A. 2007. *Missing data: A gentle introduction.* New York: Guilford Press.

Morgan, G. 2009. Globalization, multinationals and institutional diversity. *Economy and Society,* 38(4): 580–605.

Morris, S., et al. 2009. Global challenges to replicating HR: The role of people, processes, and systems. *Human Resource Management,* 48(6): 973–995.

Pache, A., & Santos, F. 2010. When worlds collide: The internal dynamics of organizational responses to conflicting institutional demands. *Academy of Management Review,* 35(3): 455–476.

Podsakoff, P., MacKenzie, S., & Lee, J.-Y. 2003. Common method biases in behavioral research: A critical review of the literature and recommended remedies. *Journal of Applied Psychology,* 88(5): 879–903.

Pudelko, M., & Harzing, A. 2007. Country-of-origin, localization, or dominance effect? An empirical investigation of HRM practices in foreign subsidiaries. *Human Resource Management,* 46(4): 535–559.

Ramamoorthy, N., & Carroll, S. 1998. Individualism/collectivism orientations and reactions towards alternative human resource management practices. *Human Relations,* 51(5): 571–588.

Rosenzweig, P., & Nohria, N. 1994. Influences on human resource management practices in multinational corporations. *Journal of International Business Studies,* 25(2): 229–251.

Rugman, A., & Verbeke, A. 2003. Extending the theory of the multinational enterprise: Internalization and strategic management perspectives. *Journal of International Business Studies,* 34(1): 125–137.

Salomon, R., & Wu, Z. 2012. Institutional distance and local isomorphism strategy. *Journal of International Business Studies,* 43(4): 343–367.

Scharpf, F. 1997. *Games real actors play: Actor-centered institutionalism in policy research.* Boulder, CO: Westview Press.

Smith, C., & Meiksins, P. 1995. System, society and dominance effects in cross-national organisational analysis. *Work, Employment & Society,* 9(2): 241–267.

Stavrou, E., Brewster, C., & Charalambous, C. 2010. Human resource management and firm performance in Europe through the lens of business systems: Best fit, best practice, or both? *International Journal of Human Resource Management,* 21(7): 933–962.

Tan, D., & Meyer, K. 2011. Country-of-origin and industry FDI agglomeration of foreign investors in an emerging economy. *Journal of International Business Studies,* 42(4): 504–520.

Tempel, A., Edwards, T., Ferner, A., Muller-Carmen, M., & Wachter, H. 2006. Subsidiary responses to institutional duality: Collective representation practices of US multinationals in Britain and Germany. *Human Relations,* 59(11): 1543–1570.

Tung, R. 2008. The cross-cultural research imperative: The need to balance cross-national and intra-national diversity. *Journal of International Business Studies,* 39(1): 41–46.

Turner, T., D'Art, D., & Gunnigle, P. 1997. US multinationals: Changing the framework of Irish industrial relations? *Industrial Relations Journal,* 28(2): 92–102.

Verma, A. 2005. What do unions do to the workplace? Union effects on management and HRM policies. *Journal of Labor Research,* 26(3): 415–449.

Wang, C., Clegg, J., & Kafouros, M. 2009. Country-of-origin effects of foreign direct investment: An industry level analysis. *Management International Review,* 49(2): 179–198.

Whetten, D. 1989. What constitutes a theoretical contribution? *Academy of Management Review,* 14(4): 490–495.

Whitfield, K., Marginson, P., & Brown, W. 1994. Workplace industrial relations under different regulatory systems. *British Journal of Industrial Relations,* 32(3): 319–338.

Wilkinson, B., Gamble, J., Humphrey, J., Morris, J., & Anthony, D. 2001. The new international division of labour in Asian electronics: Work organization and human resources in Japan and Malaysia. *Journal of Management Studies,* 38(5): 675–695.

Wright, P., Gardner, T., Moynihan, L., & Park, H.-J. 2001. Measurement error in research on human resources and firm performance: Additional data and suggestions for future research. *Personnel Psychology,* 54(4): 875–902.

APPENDIX: REPRESENTATIVENESS OF THE NATIONAL SURVEYS, % OF FIRMS

	UK	Canada	Ireland	Spain	Denmark	Norway
Sector						
Production						
Population	53	59	48	54	67	63
Achieved sample	57	66	46	47	71	73
Services						
Population	47	413	534	463	339	377
Achieved sample	43	33	54	53	29	27
Country of origin						
Domestic						
Population	18	23	12	18	27	28
Achieved sample	15	21	18	25	27	39
North American						
Population	38	57	43	21	14	13
Achieved sample	41	51	41	28	15	10
European						
Population	30	17	39	57	54	56
Achieved sample	31	21	33	42	52	50
East Asia						
Population	8	4	6	4	4	3
Achieved sample	8	7	7	5	5	1
Rest of world						
Population	6					
Achieved sample	6					
Size						
100–499						
Population	46	46	69	61	59	52
Achieved sample	42	48	54	35	58	38
500–999						
Population	18	19	13	15	19	20
Achieved sample	18	18	16	18	20	24
1000–4999						
Population	27	26	18	18	18	24
Achieved sample	32	28	29	34	19	31
5000+						
Population	9	9		6	4	4
Achieved sample	9	6		13	4	7

ABOUT THE AUTHORS

Tony Edwards is a Professor of Comparative Management in the School of Management and Business at King's College London. Tony's research focuses on the management of labour in multinational companies, particularly the diffusion of human resource practices across their international operations. Tony is embarking on fresh research into 'globalizing actors'.

Rocío Sánchez-Mangas is Associate Professor at the Department of Quantitative Economics at the Universidad Autónoma de Madrid, Spain. Her research is focused on quantitative methods, and more specifically, microeconometrics. She has worked in several fields in economics and management. Her current research in the management area is focused on analyzing human resource management practices in multinational companies.

Patrice Jalette is Professor and Director of Doctoral Studies at Université de Montréal's School of Industrial Relations. He also works as a co-

researcher and project coordinator for the Interuniversity Research Centre on Globalization and Work (CRIMT) where he examines questions relating to employment and labour relations in multinational corporations and in restructuring context.

Jonathan Lavelle is a Lecturer in the Kemmy Business School, University of Limerick. He has several publications in Irish and international journals, as well as having co-authored a book. He is a former Government of Ireland Scholar and Marie Curie IRSES Scholar. His research interests are in international and comparative employment relations, particularly employment practices in multinational companies.

Dana Minbaeva is a Professor of Strategic and Global Human Resource Management at the Department for Strategic Management and Globalization, and the Head of the PhD School in Economics and Management, Copenhagen Business School. Her research is on strategic international HRM, knowledge sharing and transfer in multinational corporations.