



Université de Pau et des Pays de l'Adour
École Doctorale 481 Sciences Sociales et Humanités

**Transfer of HRM practices in French MNCs:
The case of French subsidiaries in China**

**Transfert des pratiques de GRH dans les multinationales françaises :
Le cas des filiales françaises en Chine**

Thèse pour l'obtention du titre de Docteur en Sciences de gestion présentée et soutenue publiquement
le 3 septembre 2013 par :

JIANG Cuiling

Membres du Jury

Rapporteurs :	Bruno AMANN <i>Professeur, Université Toulouse III - Paul Sabatier, France</i>
	Bernadette ANDREOSSO <i>Professor, University of Limerick, Ireland</i>
Directeur de thèse :	Jacques JAUSSAUD <i>Professeur, Université de Pau et des Pays de l'Adour, France</i>
Suffragants :	John KIDD <i>Emeritus Professor, Aston Business School, United Kingdom</i>
	Johannes SCHAAPER <i>Professeur, KEDGE Business School, France</i>

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SUR L'USAGE DES LANGUES DANS CETTE THESE

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En accord avec les directives de l'Ecole Doctorale et celles de notre directeur de thèse, nous présentons, en complément du texte intégral en anglais, l'introduction de la thèse et la conclusion générale en français.

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ABSTRACT

Our research investigates the transfer of HRM practices from parent companies to their overseas subsidiaries. We seek to figure out how three levels of factors (country, organization and individual) from host country affect the international transfer process. We identify the effects of cultures, institutional interactions, entry modes and expatriates on this transfer. Based on detailed case studies of the eight French MNCs in China, we explain how transfer of HRM practices is realized. Our empirical findings indicate that French subsidiaries tend to adopt home-country HRM practices to a considerable extent. More than cultural differences, institutional interactions and entry modes are the main restraints for the transfer of HRM practices. Meanwhile, we identify the role of expatriates in the transfer process.

Keywords: International Transfer of Practices, Human Resource Management, French Multinational Companies, China, Culture, Institutional Interactions, Entry Modes, Expatriates

RESUME

Notre recherche porte sur les pratiques de GRH transférées par les maisons mères vers leurs filiales étrangères. Pour cela, nous étudions les impacts de trois niveaux de facteurs (pays, organisation et individus) affectant le processus de transfert des pratiques de GRH dans les multinationales. Nous vérifions l'effet des différences culturelles, des interactions institutionnelles, du mode d'entrée et les rôles des expatriés sur ce transfert. Notre recherche repose sur l'étude de cas de huit filiales multinationales françaises implantées en Chine. Nos résultats montrent que les filiales françaises ont tendance à adopter massivement les pratiques des maisons mères. Plus que les différences culturelles, les interactions institutionnelles et les modes d'entrée déterminent le transfert des pratiques de GRH à l'international. En même temps, nous vérifierons les rôles des expatriés dans la procédure de transfert.

Mots-clés: Transfert de Pratiques de Management, GRH, Multinationales Françaises, Chine, Culture, Interactions Institutionnelles, Modes d'Entrée, Expatriés

内容摘要

本文是关于人力资源管理实践从母公司转移到海外子公司的研究。我们试图找出来自东道国的三层影响国际人力资源管理实践转移的因素（国家、组织和个体）。在此转移过程中，我们识别了文化、体制碰撞、市场进入模式与外派人员的影响作用。我们对八个在华法国跨国企业进行了深入的面谈调研。通过案例分析方法，本文给出了实现成功跨国人力资源管理实践转移的解释。我们的研究表明：法国在华企业在很大程度上仍旧沿用母公司的人力资源管理模式。其中，与文化差异的影响作用相比，制度碰撞、市场进入模式是人力资源管理实践转移过程中的主要制约因素。同时，我们明确了外派人员在转移过程中的作用。

关键词： 跨国管理实践转移，人力资源管理，法国跨国企业，中国，文化，体制碰撞，市场进入模式，外派人员

TABLE OF CONTENTS

General introduction	1
1. Debates on convergence vs. divergence and standardization vs. localization.....	5
2. Research gaps and objectives	11
3. Transfer of HRM practices in French MNCs and their subsidiaries in China	16
4. Research questions, methodology and contributions	21
5. Research structure.....	25
Part one Theoretical background on transfer of management practices	29
Chapter 1 Definition of HRM practices and successful transfer of HRM practices.....	31
1.1 Definition of HRM practices	31
1.2 Successful transfer of HRM practices within MNCs	35
1.2.1 Implementation of practices at recipient units	36
1.2.2 Employee satisfaction	37
1.2.3 Performance realization.....	38
Chapter 2 Literature reviews and analytical framework.....	41
2.1 Heenan and Perlmutter's EPRG model	41
2.2 The analytical framework on the successful transfer of HRM practices.....	44
2.2.1 Country context: Hofstede's five cultural dimensions.....	44
2.2.2 Organizational context: The institutionalism perspective and entry modes	49
2.2.3 Individual context: Expatriates.....	56
2.3 Strengths and weaknesses of the selected theories.....	60
Chapter 3 Methodology and research design.....	65
3.1 Research methodology	65
3.2 Research design	68
3.3 Method for interview analysis	73

Part two Case studies on transfer of HRM practices in the eight French MNCs	77
Chapter 4 Chinese institutional contexts	79
4.1 Chinese economic and new guidelines for FDI	79
4.2 Confucianism, family, <i>guanxi</i> and “face” issue	82
4.3 Chinese education system	83
4.4 New Chinese labour law	84
Chapter 5 Detailed case studies on the eight French MNCs in China	91
5.1 Case 1 Aviation industry	92
5.2 Case 2 Aerospace and defense industry	104
5.3 Case 3 Food processing industry	113
5.4 Case 4 Insurance industry	124
5.5 Case 5 Energy industry	132
5.6 Case 6 Chemical industry	142
5.7 Case 7 Transportation industry	150
5.8 Case 8 Electric industry	159
Chapter 6 Cross analysis on the eight French MNCs	173
6.1 HRM practices in the eight French MNCs	173
6.2 Country-level observations: Transfer and cultural distance	181
6.3 Organization-level observations: Institutional interactions and entry modes	183
6.4 Individual-level observations: Expatriates’ roles in the international transfer	186
General conclusion	191
1. Core findings and managerial recommendations	192
2. Limitations and further research	199
References	207
Appendix	223

LIST OF FIGURES

Figure 1: Different Types of Organizations

Figure 2: Transfer Outcome

Figure 3: EPRG Model

Figure 4: Expatriates' Roles in MNCs

Figure 5: Research Framework

Figure 6: Component of Data Analysis

Figure 7: Tasks in Successive Qualitative Steps

LIST OF TABLES

Table 1: National Cultural Differences between France and China

Table 2: Top 13 Investors in China as of 2010

Table 3: Statistics of Cumulative FDI by Entry Mode as of 2010

Table 4: The Five “Insurances” Plus Housing Fund

Table 5: Chinese Official Holidays

Table 6: Additional Holidays for Specific Groups

Table 7: Case Introduction

Table 8: C1 in China (Aviation Industry)

Table 9: Reproduction of Recruitment Practice at C1 China (Aviation Industry)

Table 10: Reproduction of Compensation & Benefits Practice at C1 China (Aviation Industry)

Table 11: Transfer of HRM Practices at C1 (Aviation Industry)

Table 12: C2 in China (Aerospace and Defense Industry)

Table 13: Reproduction of Recruitment Practice at C2 China (Aerospace and Defense Industry)

Table 14: Reproduction of Compensation & Benefits Practice at C2 China (Aerospace and Defense Industry)

Table 15: Transfer of HRM Practices at C2 (Aerospace and Defense Industry)

Table 16: C3 in China (Food Processing Industry)

Table 17: Reproduction of Recruitment Practice at C3 China ((Food Processing Industry)

Table 18: Reproduction of Compensation & Benefits Practice at C3 China (Food Processing Industry)

Table 19: Transfer of HRM Practices at C3 (Food Processing Industry)

Table 20: C4 in China (Insurance Industry)

Table 21: Reproduction of Recruitment Practice at C4 China (Insurance Industry)

Table 22: Reproduction of Compensation & Benefits Practice at C4 China (Insurance Industry)

Table 23: Transfer of HRM Practices at C4 (Insurance Industry)

Table 24: C5 in China (Energy Industry)

Table 25: Reproduction of Recruitment Practice at C5 China (Energy Industry)

Table 26: Reproduction of Compensation & Benefits Practice at C5 China (Energy Industry)

Table 27: Transfer of HRM Practices at C5 (Energy Industry)

Table 28: C6 in China (Chemical Industry)

Table 29: Reproduction of Recruitment Practice at C6 China (Chemical Industry)

Table 30: Reproduction of Compensation & Benefits Practice at C6 China (Chemical Industry)

Table 31: Transfer of HRM Practices at C6 (Chemical Industry)

Table 32: C7 in China (Transportation Industry)

Table 33: Reproduction of Recruitment Practice at C7 China (Transportation Industry)

Table 34: Reproduction of Compensation & Benefits Practice at C7 China (Transportation Industry)

Table 35: Transfer of HRM Practices at C7 (Transportation Industry)

Table 36: C8 in China (Electric Industry)

Table 37: Reproduction of Recruitment Practice at C8 China (Electric Industry)

Table 38: Reproduction of Compensation & Benefits Practice at C8 China (Electric Industry)

Table 39: Transfer of HRM Practices at C8 (Electric Industry)

Table 40: Expatriates, Inpatriates and Flexpatriates in the Eight French MNCs in China

LIST OF ABBREVIATIONS

EPRG	Ethnocentric, Polycentric, Regiocentric and Geocentric
FDI	Foreign Direct Investment
FESCO	Foreign Enterprise Service Company
GDP	Gross Domestic Product
HR	Human Resource
HRM	Human Resource Management
IHRM	International Human Resource Management
JV	Joint Venture
M&A	Mergers & Acquisitions
MNC	Multinational Company
R&D	Research and Development
ROI	Return on Investment
WOS	Wholly Owned Subsidiary
WTO	World Trade Organization

GENERAL INTRODUCTION

With the ongoing globalization, more and more companies engage in international business. One of the key issues regarding international business is the transfer of management practices within multinational companies (MNCs), which allows newly established subsidiaries to benefit from successful expertise developed at headquarter and other older subsidiaries (Dunning, 1981).

International transfer is a process which transfers management practices within MNCs according to three directions (Kostova, 1999). The first direction is forward transfer of practices from a parent company to its overseas subsidiaries. This kind of transfer is widely used in MNCs. The second direction is reverse

INTRODUCTION GENERALE

Avec la mondialisation, de plus en plus d'entreprises s'engagent dans le commerce international. L'une des questions cruciales concernant les affaires internationales est le transfert des pratiques de gestion au sein des entreprises multinationales, qui permet aux nouvelles filiales de bénéficier de l'expertise développée avec succès à la maison mère et dans les autres filiales (Dunning, 1981).

Le transfert international des pratiques de gestion au sein des entreprises multinationales se fait selon trois directions (Kostova, 1999). La première est le transfert des pratiques d'une maison mère à ses filiales à l'étranger. Ce type de transfert est souvent utilisé dans les entreprises multinationales. La seconde

transfer, which starts from foreign subsidiaries and flows to parent company (Edwards, 2004; Edwards and Tempel, 2010). The third direction is horizontal transfer of practices among the subsidiaries. In our research, we mainly focus on forward transfer of human resource management (HRM) practices from French parent company to its overseas subsidiaries in China.

Transferring practices can help to build the coherence within an MNC. However, parts of the difficulties are linked to local adaptation. For instance, foreign companies may have difficulties to get access to information on the entry market, which, in return can complicate the transfer process. The question on successful transfer of management practices still remains as a crucial issue (Kogut and Singh, 1988). Companies therefore have questions on whether MNCs should transfer the whole management practices or only apply some of them to the subsidiaries; what adaptations should be put in place in order to ensure the transfer; if the

direction est le transfert inverse, qui commence à partir de filiales vers la maison mère (Edwards, 2004; Edwards et Tempel, 2010). La troisième direction est le transfert horizontal des pratiques entre les filiales. Dans notre recherche, nous nous concentrons principalement sur le transfert des pratiques de gestion des ressources humaines (GRH) de la maison mère française vers ses filiales en Chine.

Le transfert des pratiques peut aider à la création de liens au sein des MNCs. Cependant, une partie des difficultés est liée à l'adaptation au contexte étranger. Par exemple, l'accès à l'information sur le marché d'implantation peut s'avérer difficile compliquant ainsi la procédure de transfert. La question de la réussite du transfert des pratiques de gestion reste encore cruciale (Kogut et Singh, 1988). Les entreprises se demandent si elles doivent transférer les pratiques de gestion en entier ou seulement appliquer une partie d'entre elles aux filiales. Quelles adaptations devraient être mises en place afin d'assurer le transfert ? Si les pratiques

practices cannot work, should the MNCs adopt the local practices or create new ones? On the basis of these questions, we found that there exists a significant gap between theory and reality. Hence, we are particularly interested in subsidiary level's explanations towards the transfer of management practices. We extend previous work by describing how managers in the subsidiaries reproduce and adapt the best practices to the host country, so as to keep the internal consistency while taking local appropriate structures and practices into consideration.

Up to now, research has shown that cultural differences hinder the international transfer of management practices (Rosenzweig and Singh, 1991; Hofstede, 1991; Ferner, 1997; Myloni, Harzing and Mirza, 2004). In the meantime, some scholars draw attention to micro factors and their impacts towards international transfer, for instance, expatriates' roles in the international transfer process (Hocking, 2007; Choi and Johanson, 2012), entry modes which

ne peuvent pas être transférées, est-ce que les entreprises multinationales doivent adopter les pratiques locales ou créer un nouveau système? Sur la base de ces questions, nous avons constaté qu'il existe un écart important entre la théorie et la réalité. Par conséquent, nous sommes particulièrement intéressés par les explications données par les filiales concernant les transferts des pratiques de gestion. Nous développons les travaux précédents en décrivant comment les managers des filiales reproduisent et adaptent les meilleures pratiques dans le pays d'accueil, afin de maintenir la cohésion interne tout en prenant en considération les structures et les pratiques locales appropriées.

Jusqu'à présent, la recherche a montré que les différences culturelles entravent le transfert international des pratiques de gestion (Rosenzweig et Singh, 1991; Hofstede, 1991; Ferner, 1997; Myloni, Harzing et Mirza, 2004). En attendant, certains chercheurs attirent l'attention sur les micros aspects comme, par exemple, les rôles de l'expatrié dans la

particularly focus on wholly owned subsidiaries (WOS) and joint ventures (JV) (Pan and Tse, 2000; Oxley and Tetsuo, 2009), individual commitment to the company and psychological contract (Rousseau, 1998; Kostova, 1999). More recently, research begins to study some other factors, for example, the relationship between parent company and subsidiaries (Becker-Ritterspach, 2005), organizational resources and dependency (Edwards, 2004), business system (Whitley, 1999) and societal effect (Maurice and Sorge, 2000). Furthermore, some scholars study institutional distance between the parent company and recipient units (Rosenzweig and Nohria, 1994; Kostova and Roth, 2002; Tempel et al., 2006), local labor markets, recipient unit perspective (Pfeffer and Salancik, 2003; Stone, Eugene and Lukaszewski, 2007; Morris, 2009) and so forth. They help us to better understand the international transfer process. However, most of the stated research pays attention either to micro aspects or macro aspects. Rare research

procédure de transfert international (Hocking, 2007; Choi et Johanson, 2012), les modes d'entrée qui se concentrent en particulier sur les filiales et des coentreprises (Pan et Tse, 2000; Oxley et Tetsuo, 2009), l'engagement de l'individu à l'égard de l'entreprise et le contrat psychologique (Rousseau, 1998; Kostova, 1999). Plus récemment, la recherche a commencé à étudier d'autres facteurs, par exemple, la relation entre la maison mère et les filiales (Becker-Ritterspach, 2005), les ressources organisationnelles (Edwards, 2004), le système d'entreprise (Whitley, 1999), l'effet sociétal (Maurice et Sorge, 2000), la distance institutionnelle entre les maisons mères et les filiales (Rosenzweig et Nohria, 1994; Kostova et Roth, 2002; Tempel, Edwards et al, 2006), les marchés du travail locaux, la perspective des filiales (Pfeffer et Salancik 2003, Pierre, Eugene et Lukaszewski, 2007; Morris, Trevor Wright et 2009), etc. Ils nous aident à mieux comprendre la procédure de transfert international. Cependant, la plupart des recherches se focali-

has integrated the micro and macro factors together (Becker-Ritterspach, 2005).

1. Debates on convergence vs. divergence and standardization vs. localization

Over the last four decades, there are two ongoing debates in international business for MNCs, especially in the area of international human resource management, which are convergence versus divergence, and standardization versus localization (Prahalad and Doz, 1987; Barlett and Ghosal, 1989; Rosenzweig and Singh, 1991; Hannon, Huang and Jaw, 1995; Taylor, Beechler and Napier, 1996).

With respect to the first debate, convergence approach considers that there are universal approaches for MNCs to manage their global operations. This, to some extent, is similar to Taylor's "scientific management", which argues the "best practices" and results in a high level of coherence inside the MNCs. In order to repeat the successful experiences in foreign market, firms intend to standardize their home-country

sent soit sur les aspects micro-économiques soit sur les aspects macro-économiques. Quelques rares recherches ont intégré les facteurs micro et macro-économiques ensemble (Becker-Ritterspach, 2005).

1. Débats sur la convergence versus la divergence, et la standardisation versus la localisation

Les quatre dernières décennies ont vu naître deux grands débats concernant les affaires internationales auxquels les entreprises multinationales participent, en particulier dans le domaine de la gestion internationale des ressources humaines. Ces deux grands débats opposent la convergence à la divergence et la standardisation à la localisation (Prahalad et Doz, 1987; Barlett et Ghoshal, 1989; Rosenzweig et Singh, 1991; Hannon, Huang et Jaw, 1995; Taylor, Beechler et Napier, 1996).

En ce qui concerne le premier débat, l'approche concernant le processus de convergence estime qu'il existe des approches universelles pour les

management practices across borders. Yet “best practices” are not limited to be shaped from home country (country-of-origin effect). Some scholars argue that certain practices are shaped neither from the host country (localization) nor the home country, but converge to the worldwide best practices. This is the so-called dominance effect (Smith and Elger, 2000).

Despite the potential advantages, convergence approach has some limitations. For instance, it over simplifies the complexity of the local environment. Divergence approach, by contrast, focuses more on national culture and institutional contexts. The cultural approach has been largely referred to the cultural dimensions created by Hofstede (1991) and Trompenaars (1994). The institutional approach indicates that organizational behavior is affected by the surrounding institutional environment (DiMaggio and Powell, 1983 and 1991; Kostova, 1999; Kostova and Roth, 2002). In their work, Rousseau and House (1994) argue that either convergence or divergence approach is too

entreprises multinationales afin de gérer leurs affaires mondiales. Ceci, dans une certaine mesure, est similaire à la «gestion scientifique» de Taylor qui soutient les «meilleures pratiques» dans le but de maintenir les résultats à un haut niveau de cohérence au sein même des MNCs. Pour appliquer cette expérience réussie aux marchés étrangers, les entreprises ont l'intention de standardiser leurs pratiques de gestion du pays d'origine vers les filiales à l'étranger. Cependant, les «meilleures pratiques» ne sont pas seulement formées depuis leur pays d'origine (effet du pays d'origine). Certains chercheurs affirment qu'il y a des pratiques dont la formation n'est ni influencée par le pays d'accueil (localisation), ni par le pays d'origine, mais qui reproduisent les meilleures théories et / ou modèles de gestion dans le monde. C'est l'effet de domination (Smith et Elger, 2000).

Malgré les avantages potentiels, l'approche qui a fait émerger la théorie de la convergence a quelques limites. Par exemple, elle simplifie la complexité de l'environnement local.

extreme. Hence, they propose the “meso” approach, which integrates the micro and macro factors and takes psychological, social culture and economical aspects into consideration.

Besides the debate on convergence and divergence, we also have one popular debate on standardization and localization, which refers more to the organizational and individual observations. For instance, standardization and localization can be applied to analyze the functional or specific area, such as HRM practices’ internationalization (Pudelko and Harzing, 2007). Standardization refers to which degree HRM practices in the foreign subsidiaries are similar to those in the parent company. In order to share the best practices, keep coherence as well as better control and coordinate the global operations, MNCs tend to transfer the home-country HRM practices to their overseas subsidiaries. However, previous research has shown that local factors can hinder the international transfer, namely local culture, values, legislations and other institutional

L’approche de la théorie de divergence, en revanche, se concentre davantage sur la culture nationale et les contextes institutionnels. L’approche culturelle a été largement évoquée dans les dimensions culturelles créées par Hofstede (1991) et Trompenaars (1994). L’approche institutionnelle indique que le comportement organisationnel est affecté par l’environnement institutionnel existant (DiMaggio et Powell, 1983 et 1991; Kostova, 1999; Kostova et Roth, 2002). Rousseau et House (1994) affirment que l’adoption d’approches théoriques comme celle de la convergence ou celle de la divergence reste toutefois trop extrême. Par conséquent, ils proposent l’approche «mésos», qui intègre les facteurs macro et micro économique, et qui prend en compte les aspects psychologiques et culturels ainsi que les aspects économiques.

A part le débat sur la théorie de la convergence et de la divergence, nous avons aussi un débat connu concernant la standardisation et la localisation, qui se réfère plus à l’observation

constraints. Therefore, localization measures to which degree the subsidiaries act and behave as local companies (Goodall and Warner, 1998; Chen and Wilson, 2003; Cooke, 2004; Farley, Hoenig and Yang, 2004).

Given that each multinational company has different level of application and execution regarding their internationalization strategies, Bartlett and Ghoshal (1989) identify four types of companies in the international market, which are international, global, multinational and transnational companies. From figure 1, one can see that international organizations locate somewhere in between multinational and global organization. It is at the low level of the globalization and localization where international business is added to national business. Meanwhile, the strategic areas are more centralized. The initial target is entering foreign markets. The organization tends to use domestic strategy to operate international business. The practices are more standardized rather than localized. Organization becomes

organisationnelles et individuelles. Par exemple, la standardisation et la localisation peuvent être appliquées pour analyser les zones fonctionnelles ou spécifiques, telles que l'internationalisation (Pudelko et Harzing, 2007) des pratiques de GRH. La standardisation identifie dans quelle mesure les pratiques de GRH dans les filiales à l'étranger ressemblent à celles de la maison mère. Afin de partager les meilleures pratiques, de garder la cohérence ainsi que de mieux contrôler et de coordonner les opérations internationales, les multinationales ont tendance à transférer les pratiques de GRH du pays d'origine vers leurs filiales à l'étranger. Toutefois, des recherches antérieures ont montré que les facteurs locaux peuvent entraver le transfert international, à savoir la culture locale, les valeurs, les lois et autres contraintes institutionnelles. Par conséquent, le degré de localisation mesure le degré de ressemblance entre les pratiques des filiales et celles des entreprises locales (Goodall

more global when they provide the standardized products to the target markets. Subsidiaries are primarily considered as international distribution centers. Decision-making is relatively centralized. By contrast, multinational organizations show high level of localization and local responsiveness. Subsidiaries are authorized to operate the business independently. However, according to Bartlett and Ghoshal, the ideal type of enterprises in international markets is transnational. They are the organizations which operate effectively by exploiting local differences while sustaining global consistency and transparency (Bartlett and Ghoshal, 1989; Festing, Eidems and Royer, 2007).

et Warner, 1998; Chen et Wilson, 2003; Cooke, 2004; Farley, Hoenig et Yang, 2004).

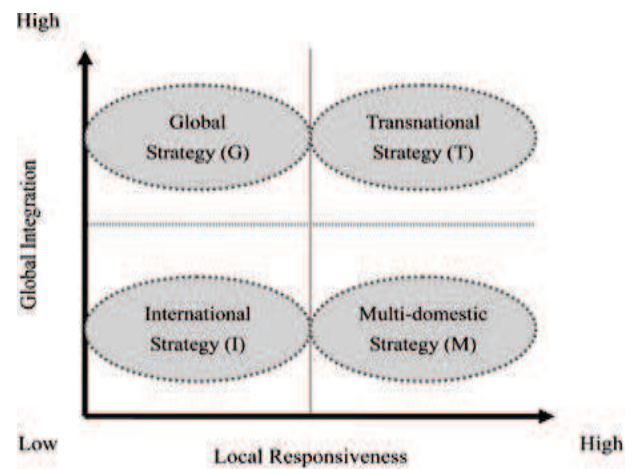
Étant donné que chaque entreprise multinationale a différents niveaux d'application et d'exécution en ce qui concerne ses stratégies d'internationalisation, Bartlett et Ghoshal (1989) identifient quatre types d'entreprises existant dans les marchés internationaux, qui sont des entreprises internationales, mondiales, multinationales et transnationales. De la figure 1, les entreprises internationales se localisent quelque part entre l'organisation multinationale et mondiale. Il est à un niveau bas de la mondialisation et de la localisation où l'activité internationale est ajoutée à la base de l'activité nationale. Les domaines stratégiques sont plus centralisés. L'objectif initial est d'entrer dans les marchés étrangers. L'organisation globale a tendance à utiliser une stratégie unifiée, uniforme au niveau national et international. Les pratiques sont plus standardisées que localisées. Les organisations deviennent plus globales

Figure 1: Different types of organizations

Source: Bartlett and Ghosal (1989).

quand elles fournissent des produits standardisés sur les marchés cibles.

Les filiales sont considérées comme des centres de distribution internationaux. La plupart des décisions sont centralisées. En revanche, les organisations multinationales ont un haut niveau de localisation et de réactivité locale. Les filiales sont autorisées à exploiter l'entreprise de façon indépendante. Toutefois, selon Bartlett et Ghoshal, le type d'entreprise idéale sur les marchés internationaux est une organisation transnationale qui permet aux entreprises de fonctionner efficacement en exploitant les différences locales tout en préservant la cohérence globale et la transparence (Bartlett et Ghoshal, 1989 ; Festing, Eidems et Royer, 2007).

Figure 1: Différents types d'organisations

Source: Bartlett and Ghoshal (1989).

2. Research gaps and objectives

Human resources management (HRM) practices have strategic importance for MNCs, which focus on people that working in the MNCs and contribute to realize the competitive advantages (Pfeffer and Salancik, 2003). In light of the fast changing world, HR managers have tried to develop related strategies to support and accomplish corporate strategies (Dowling, Festing and Engle, 2007). Bartlett and Ghosal (1989) emphasize that HRM policies and practices can contribute to coordination and

2. Lacunes et objectifs de la recherche

Les pratiques de gestion des ressources humaines (GRH) ont une importance stratégique pour les multinationales. Ce sont les pratiques qui se concentrent sur les personnes et contribuent à dégager des avantages concurrentiels (Pfeffer et Salancik, 2003). Afin de répondre au développement international de leur entreprise, les responsables RH ont tenté d'élaborer des stratégies liées à leur domaine pour soutenir et réaliser les stratégies d'entreprise (Dowling, Festing et Engle, 2007). Bartlett et Ghoshal (1989) soulignent que les

control within the MNCs. Studies on forward transfer of HRM practices in MNCs show that a successful transfer of HRM practices can promote more professional types of management and enhance company performance, contribute to HRM dynamic balance between headquarter and subsidiaries (Child and Tse, 2001; Thory, 2008). Hence, MNCs are interested in searching the way to transfer the HRM practices effectively and efficiently. As this topic has not been sufficiently investigated, particularly in a Chinese context regarding the French MNCs, our research is therefore an exploratory one. We adopt qualitative data to figure out how some specific HRM practices are transferred from French parent companies to their overseas subsidiaries in China and why some kinds of HRM practices are nontransferable, if any.

In general, there are two research gaps regarding the research on international transfer of management practices. First, extant research has mainly focused on Japanese or American MNCs

politiques et les pratiques de GRH peuvent contribuer à la coordination et au contrôle dans les entreprises multinationales. Les études sur le transfert des pratiques de GRH dans les entreprises multinationales montrent qu'un transfert réussi des pratiques de GRH peut favoriser plus de types de management, améliorer la performance de l'entreprise, contribuer à la l'équilibre entre la maison mère et les filiales (Child et Tse, 2001; Thory, 2008). Par conséquent, les entreprises multinationales sont intéressées par la recherche sur l'efficacité du transfert des pratiques de GRH. Cependant, ce sujet n'a pas été suffisamment étudié, notamment dans le contexte chinois concernant les multinationales françaises. De ce fait, notre recherche porte sur une étude exploratoire de cette question. Nous recourons à des données qualitatives pour comprendre comment certaines pratiques spécifiques de GRH sont transférées des maisons mères françaises à leurs filiales ou coentreprises en Chine et pourquoi certains

(Becker-Ritterspach, 2005). The possible reason is that since 1980s, America and Japan have been the largest economies in the world. They are the major foreign direct investment (FDI) contributors. For instance, we have rich literature on Japanese companies' internationalization (Abo, 1994; Smith and Elger, 2000). Within Europe, researchers focus more on MNCs from Germany or United Kingdom (Rosenzweig and Nohria, 1994; Ferner and Varul, 2000; Edwards and Tempel, 2010). Research on French MNCs' internationalization, in particular their Chinese subsidiaries has received few empirical attention. The second gap is that substantial stream of research on transfer of management practices focuses more on micro aspects. Factors, such as cultural distance, entry modes and expatriates' roles in the international transfer have been systematically addressed in the literature. But few studies work on the effects of institutional factors towards the international transfer of HRM practices. Furthermore, hardly any

types de pratiques de GRH ne peuvent pas être transférés.

En général, deux lacunes sont reconnues dans la recherche concernant le transfert international des pratiques de gestion. Premièrement, la recherche existante a surtout porté sur les multinationales japonaises ou américaines (Becker-Ritterspach, 2005). La raison possible est que depuis les années 1980, l'Amérique et le Japon sont les deux plus grandes puissances économiques mondiales. Elles sont les contributrices principales des investissements directs à l'étranger (IDE). Par exemple, beaucoup d'ouvrages traitent de l'internationalisation des entreprises japonaises (Abo, 1994; Smith et Elger, 2000). En Europe, les chercheurs se concentrent davantage sur les entreprises multinationales d'Allemagne ou le Royaume-Uni (Rosenzweig et Nohria, 1994; Ferner et Varul, 2000; Edwards et Tempel, 2010). La recherche sur l'internationalisation des entreprises multinationales françaises, en

research integrates the micro and macro factors together. As a result, what happens to the HRM practices when they are transferred from one institutional context to another is not clear. Why some of the HRM practices are easily transferable while others are not? Therefore, in our research, we investigate how managers react to Chinese institutional context during the international transfer of HRM practices.

The research objective of this thesis is to make theoretical and empirical contributions on transfer of HRM practices in organization studies and international business:

- to identify the transfer process of HRM practices in MNCs by asking how subsidiaries reproduce the home-country HRM practices at the recipient units;
- to figure out what adaptations may be needed when transferring the home-country HRM practices to the new institutional environment;
- to fill in the gap in the literature on forward transfer of HRM practices in

particulier leurs filiales en Chine, a reçu peu d'attention empirique.

Deuxièmement, la recherche sur le transfert des pratiques de gestion se concentre souvent sur les aspects micro-économiques. Des facteurs tels que la distance culturelle, les modes d'entrée et les rôles des expatriés dans le transfert international ont été systématiquement abordés dans les ouvrages. Mais peu d'études travaillent sur les effets des facteurs institutionnels sur le transfert international des pratiques de GRH. En outre, il y a peu de recherches qui intègrent les facteurs micro et macro-économiques ensemble.

En conséquence, nous ne sommes pas éclairés sur ce qui arrive aux pratiques de GRH quand elles sont transférées d'un contexte institutionnel à l'autre. Nous ne savons pas non plus pourquoi certaines des pratiques de GRH sont transférables tandis que d'autres ne le sont pas. Ainsi, dans notre recherche, nous étudions comment les managers réagissent dans le contexte institutionnel chinois vis-à-vis du transfert international des pratiques de GRH.

French MNCs, especially in the case of their Chinese subsidiaries;

- to arrive at conclusions and recommendations about enabling managerial implications that will benefit the transfer of HRM practices for MNCs.

L'objectif de la recherche est d'enrichir les contributions théoriques et empiriques dans le domaine du transfert des pratiques de GRH en termes des organisations et des affaires internationales :

- pour identifier le processus du transfert des pratiques de GRH dans les entreprises multinationales en se demandant comment les filiales reproduisent les pratiques de GRH du pays d'origine dans les unités locales;
- pour savoir quelles adaptations peuvent être nécessaires lors du transfert des pratiques de GRH de la maison mère au nouvel environnement institutionnel;
- pour enrichir la recherche sur le transfert des pratiques de GRH dans les entreprises multinationales françaises, en particulier dans le cas de leurs filiales en Chine;
- pour arriver à des conclusions et des recommandations sur les implications managériales qui bénéficieront du transfert des pratiques de GRH pour les multinationales.

3. Transfer of HRM practices in French MNCs and their subsidiaries in China

The reasons to study French subsidiaries in China rest in three considerations. First, MNCs are the organizations that operate the business in more than one country, which have experience in transferring the practices. A rich body of literature on MNCs' internationalization and in particular, their transfer activities can help us to figure out the research blind spots and set up our research questions.

Second, China is considered as one of the most influential emerging markets in the world. Chinese context is challenging for foreign companies because it is considered to be profoundly different from western countries, in terms of culture, legal system, labor market and so forth. The previous research has shown that host country variables have strong impacts towards the international transfer (Kenny and Florida, 1995; Abo, 1998; Westney, 1999; Kostova, 1999; Foss and Pedersen, 2002; Hansen, 2002; Becker-Ritterspach, 2005). Hen-

3. Transfert des pratiques de GRH dans les entreprises multinationales françaises et leurs filiales en Chine

Les raisons qui nous mènent à étudier les filiales françaises en Chine reposent sur trois considérations. Tout d'abord, les entreprises multinationales sont des organisations qui implantent des unités dans plus d'un pays, et qui profitent d'une plus grande expérience dans le transfert des pratiques. Beaucoup de recherches sur l'internationalisation des entreprises multinationales et, en particulier, leurs activités de transfert peuvent nous aider à comprendre les points qui ne sont pas encore étudiés.

Deuxièmement, la Chine est considérée comme l'un des marchés émergents les plus influents dans le monde. Le contexte chinois est difficile pour les entreprises étrangères, car il est considéré comme profondément différent des pays occidentaux, en termes de culture, de système juridique, de marché du travail, etc. Les recherches antérieures ont montré que les variables du pays d'accueil ont des impacts forts

ce, French subsidiaries in China are the major research units in our thesis.

Third, among European member states, France is one of main FDI contributors in China. There are a lot of well-known French MNCs doing business in China. For example, Airbus has been steadily expanding since its first enter in China in 1985. In 2010, Airbus has signed a contract to supply 102 aircrafts to China and established its own factory in Tianjin. Total is working with China's Sinochem Corporation on a 109 million US dollars project at a joint-venture format. Rhodia runs its global R&D center in Shanghai and has just launched a new silica plant in Qingdao... There is a growing trend for French MNCs to set up factories or operate business activities in China. China becomes one of the strategic targets and FDI destinations for French MNCs.

However, while we look at the positive aspects of French MNCs in China in terms of their fast expansion, we should not ignore the negative voices from some of the French CEOs stemming

vers le transfert international (Kenny et en Floride, 1995; Abo, 1998; Westney, 1999; Kostova, 1999; Foss et Pedersen, 2002; Hansen, 2002; Becker-Ritterspach, 2005). Ainsi, les filiales sont les principales unités de recherche dans notre thèse, plus précisément les filiales françaises et leurs implantations en Chine.

Troisièmement, parmi les pays d'Europe, la France est l'un des principaux contributeurs d'IDE en Chine. Il y a beaucoup d'entreprises françaises qui sont déjà installées en Chine. Par exemple, Airbus a été en constante expansion depuis sa première entrée en Chine en 1985. En 2010, Airbus a signé un contrat de vente de 102 avions à la Chine et a établi sa propre usine à Tianjin. L'entreprise Total a un projet de 109 millions de dollars américains sous forme de « joint-venture » avec Sinochem Corporation. Rhodia a installé son centre mondial de R & D à Shanghai et il vient de lancer une nouvelle usine de silice à Qingdao... Il y a une tendance croissante pour les entreprises multinationales françaises à mettre en place des usines ou des

from their practical experiences in China. For instance, some of them complain that it is difficult to get profitable results in the Chinese market. At least the return on investment (ROI) is not satisfying. Some French MNCs even have to close the stores in such a complex market. As an example in hand, let's look at Carrefour. It has closed several stores throughout China due to the shrinking margins. Moreover, Carrefour is facing a crisis of confidence in China. Another case is Danone. After the splitting of the cooperation with Wahaha, Danone continued to have failed cooperation with Bright Dairy and Mengniu. Even Danone built its owned yogurt factory, the failure continued. Danone's wholly owned subsidiary has announced a halt on their production (Zhang, 2012). We cannot help wondering why these famous French MNCs face so many difficulties in China. We therefore, are interested in investigating the transfer of HRM practices in French MNCs, figuring out how subsidiaries interpret the home-country HRM policies and practices, and filling in the

implantations des activités commerciales en Chine. La Chine devient l'un des pays stratégiques et de destination d'IDE pour les multinationales françaises.

Cependant, quand nous regardons les aspects positifs des multinationales françaises en Chine en termes de leur expansion rapide, nous ne devrions pas ignorer les voix négatives de certains des chefs d'entreprises françaises concernant leur expérience en Chine. Par exemple, certains d'entre eux se plaignent qu'il est difficile d'obtenir des résultats rentables sur le marché chinois. Le retour d'investissement n'est pas satisfaisant. Certaines entreprises françaises ont même fermé les magasins sur ce marché complexe. Le groupe Carrefour, par exemple, a fermé plusieurs magasins en Chine en raison de la diminution des marges. Par ailleurs, Carrefour est confronté à une crise de confiance en Chine. Un autre cas est Danone. Après l'éclatement de la coopération avec Wahaha, Danone continue à avoir des problèmes avec ses partenaires Bright Dairy et

gap in the literature on forward transfer in French MNCs.

General speaking, three reasons lead us to focus on transfer of HRM practices. First, HRM is the strategic management of employees. HRM can help to establish the link between organization and employees. Once the employees are motivated, companies' objectives are possibly to be realized. To that end, HRM is very crucial for each company because it assists the companies to retain loyal employees, who are ready to involve themselves to companies' sustainable development. Second, there exist significant cultural distance and institutional differences between France and China, namely the different legal and regulatory framework, social security, education system, workforce components and so forth. They all increase the difficulties to transfer the HRM practices successfully. However, based on the existing research, it is not clear on how factors as culture and institutional interactions affect the transfer of HRM practices within French MNCs. By

Mengniu. Danone a même construit sa propre usine mais l'échec persiste. Une de ses filiales a annoncé l'arrêt de certaines de ses productions (Zhang, 2012). On ne peut pas s'empêcher à demander pourquoi ces grandes entreprises françaises ne parviennent pas à réussir en Chine. A cause des mauvaises performances de certaines multinationales françaises en Chine, nous souhaitons nous pencher sur l'étude du transfert des pratiques de GRH dans les multinationales françaises, afin de trouver comment les filiales interprètent les politiques et les pratiques de GRH de la maison mère et enrichir la littérature sur le transfert des pratiques dans les multinationales françaises.

En général, trois raisons nous guident à privilégier le transfert des pratiques de GRH. Tout d'abord, la GRH est la gestion stratégique des employées. La GRH aide à établir le lien entre l'organisation et les employés. Une fois que les employés sont motivés, les objectifs des entreprises sont susceptibles d'être réalisés dans les meilleurs délais. C'est pour cela que la GRH

consequence, our work acknowledges the contributions of the existing literature and focuses on the transfer of HRM practices in the context of French MNCs in China. Third, Pudelko and Harzing (2007) argue that MNCs are more likely to localize HRM practices than to export their country-of-origin practices. Therefore, our research investigates the transfer of HRM practices in French MNCs. We would like to figure out whether the HRM practices in French subsidiaries in China are more characterized by standardization or localization.

est très importante pour chaque entreprise, car elle aide les entreprises à garder des employés loyaux, qui sont prêts à s'engager pour le développement durable des entreprises. Deuxièmement, il existe les différences culturelles et surtout les différences institutionnelles entre la France et la Chine. Il est important de connaître les différences juridiques et réglementaires, la sécurité sociale, le système éducatif et les composants de la main-d'œuvre. Ces différences alimentent les difficultés sur le transfert des pratiques de GRH. Cependant, sur la base des recherches existantes, nous ne voyons pas clairement comment des facteurs comme la culture et les interactions institutionnelles affectent le transfert des pratiques de GRH au sein de multinationales françaises. Par conséquent, notre travail reconnaît les apports de la littérature et se concentre sur le transfert des pratiques de GRH dans le contexte des multinationales françaises en Chine. Troisièmement, Pudelko et Harzing (2007) soul-

ignent que les multinationales sont plus susceptibles de localiser les pratiques de GRH que d'exporter leurs pratiques du pays d'origine. Par conséquent, nous aimerions savoir si les pratiques de GRH dans les filiales françaises en Chine sont plus caractérisées par la standardisation ou la localisation.

4. Research questions, methodology and contributions

In our research, we adopt a multilevel approach to study such a complex organizational phenomenon. This approach is supported by three levels of factors (country level - cultural differences, organization level - institutional interactions and entry modes, individual level - expatriates). In light of this, our research explores the following questions:

- (1) Can French MNCs transfer home-country HRM practices to their Chinese subsidiaries easily?

4. Les questions de recherche, la méthodologie et les contributions

Dans notre recherche, nous adoptons une approche à plusieurs niveaux pour étudier un tel phénomène organisationnel complexe. Cette approche est soutenue par trois niveaux de facteurs (niveau national - la différence culturelle, le niveau d'organisation – l'interaction institutionnelle et le mode d'entrée, au niveau individuel - expatriés). Ces différents angles d'approches nous poussent à nous poser les questions suivantes:

(2) Which HRM practices are more likely to be transferred?

(3) How factors such as culture, institutional interactions, entry modes and expatriates affect the transfer of HRM practices?

(4) What adaptations may be needed in order to transfer HRM practices from parent companies to their overseas subsidiaries?

(1) Les multinationales françaises peuvent-elles transférer les pratiques de GRH des maisons mères vers leurs filiales en Chine facilement?

(2) Quelles sont les pratiques de GRH qui sont plus susceptibles d'être transférées?

(3) Quels rôles jouent les facteurs comme la culture, l'interaction des institutions, les modes d'entrée et les expatriés sur le transfert des pratiques de GRH?

(4) Quelles adaptations peuvent être nécessaires pour transférer les pratiques de GRH des maisons mères vers leurs filiales à l'étranger?

Through answering the research questions, we can better understand how HRM practices are reproduced by French subsidiaries in China, which HRM practices are relatively easier to be transferred, and in which cases, adaptation through organization learning is crucial.

The transfer process may be complex. Various changes may appear during the international transfer. Understanding the nature of transfer is about observing the qualitative changes of meaning, forms of practices within the transfer process and getting the updated knowledge of

Grâce aux réponses à ces questions de notre recherche, nous pourrions mieux comprendre comment les pratiques de GRH sont reproduites par les filiales françaises en Chine, quelles pratiques de GRH sont plus faciles à transférer et dans quels cas l'adaptation à travers l'étude de l'organisation est essentielle.

Le processus du transfert pourrait être complexe. Des changements peuvent apparaître pendant le transfert international. Parce que le transfert s'accompagne de changements qualitatifs, pour

Chinese contexts. Thus we consider that qualitative methodology is particularly useful for our research. By consequence, case study is embraced to be the appropriate method for our research, for “it is the preferred strategy when ‘how’ and ‘why’ questions are being posed, when the investigator has little control over events and when the focus is on a contemporary phenomenon within some real life contexts” (Yin, 1994). In sum, we adopt a multi-case analysis to explore the transfer process of HRM practices. Our research framework is mainly informed by Kostova (1999)’s model on international transfer of management practices, which is composed of social, organizational and relational factors. We analyze the transfer process from country context, organization context and individual context.

This research seeks to make three contributions. The first contribution rests in the theoretical area. We would like to enrich the emerging studies on international business, with regard to the transfer of management practices in MNCs by

l’étude des formes de pratiques au sein du processus de transfert et de mise à jour des connaissances du contexte chinois, nous considérons que la méthodologie qualitative est particulièrement utile. Par conséquent, l’étude de cas est la méthode la plus appropriée pour notre recherche car « elle est la stratégie privilégiée lorsque des questions du type « comment » et « pourquoi » se posent, lorsque l’enquêteur a peu de contrôle sur les événements et lorsque l’accent est mis sur un phénomène contemporain dans un contexte de vie réelle » (Yin, 1994). En résumé, nous adoptons une méthodologie d’analyse multi-cas pour étudier le processus de transfert des pratiques de GRH. Notre cadre de recherche est principalement informé par le modèle de Kostova (1999) (social, organisationnel et relationnel) sur le transfert international des pratiques de gestion. Nous adoptons son idée sur l’analyse du processus de transfert selon le contexte du pays, le contexte de l’organisation et le contexte individuel.

Cette recherche vise à apporter trois contribu-

the adoption of institutionalism perspective. The second contribution of our thesis is to back up the research on French MNCs. Instead of taking the U.S. or Japan as the country-of-origin, we take French MNCs to study the international transfer, which is underrepresented in the literature. Third, Asian business contexts have achieved a lot of attention by researchers. China is one of the biggest emerging markets in the world. By focusing on China, our research provides insight into China labor market, French subsidiaries in China, in particular, their human resource management.

tions. La première contribution relève du domaine théorique. Nous tenons à enrichir le champ des recherches en management international, en ce qui concerne le transfert des pratiques de gestion dans les multinationales par l'adoption de l'approche de l'institutionnalisme. La deuxième contribution de notre thèse est de développer la recherche sur les multinationales françaises. Au lieu de prendre les États-Unis ou le Japon en tant que pays d'origine, nous prenons les multinationales françaises pour étudier le transfert international, qui est peu étudié jusqu'à présent. Troisièmement, les contextes d'affaires asiatiques ont beaucoup attiré l'attention des chercheurs. La Chine est l'un des plus grands marchés émergents dans le monde. En se concentrant sur la Chine, notre recherche donne un aperçu sur le marché du travail local, les filiales françaises en Chine, en particulier, leur gestion des ressources humaines.

5. Research structure

Our research structure is made of two parts.

Each part is splitted into several chapters.

Part one mainly contributes to various bodies of literature on transfer of management practices in MNCs. It is composed of the following three chapters. Chapter 1 defines some key concepts in our research, for instance, human resource management (HRM) and the four specific HRM practices (recruitment, training, compensation & benefits and annual performance review). In the meanwhile, the positive aspects of successful transfer of management practices are explained. In chapter 2, selected reviews of mainstream theories on transfer of HRM practices are discussed. We integrate the literature reviews into three contexts (country, organization and individual). In the country context, we study cultural differences between France and China. In the organization context, we adopt institutional approach and the theory of entry mode to analyze their impacts towards the transfer of management practices. Finally,

5. Structure de la thèse

Notre recherche est composée de deux parties. Il y a plusieurs chapitres dans chaque partie.

La première partie contribue à l'examen théorique sur le transfert des pratiques managériales dans les multinationales. Il est composé des trois chapitres suivants. Le Chapitre 1 commence avec les définitions de la GRH et les quatre pratiques de GRH spécifiques, que sont le recrutement, la formation, la rémunération et les avantages sociaux, et l'évaluation annuelle de la performance. En même temps, nous discutons des aspects positifs du transfert des pratiques de gestion dans les multinationales, qui peuvent aider à améliorer la cohérence interne, réaliser des objectifs et satisfaire les employées. Le Chapitre 2 discute les théories principales pour notre recherche. Le cadre analytique composé de trois contextes (pays, organisation et individus) est présentée. Le contexte du pays identifie principalement les différences culturelles entre la France et la

expatriates' roles in international transfer are identified in the individual context. Chapter 3 firstly explains the reasons why we adopt qualitative methodology to do this research. Then, we present the research design and methodology to analyze the descriptive data.

Part two contributes to the illustration of transfer of HRM practices in the eight French MNCs in China, where detailed case studies and cross case analysis are conducted. Three chapters are included in part two. Chapter 4 introduces some main features of Chinese institutional contexts, namely economic situation and policies for foreign direct investment (FDI), education system, family, *guanxi*, "face" issue as well as some new elements in the updated labor law.

Chapter 5 presents the detailed case studies of the eight French MNCs and their transfer of the four specific HRM practices in Chinese subsidiaries. Chapter 6 firstly summarizes the transfer outcomes of the four specific HRM practices. Then, we analyze how factors originating from culture, institutional interact-

China. Dans le contexte de l'organisation, nous adoptons l'approche institutionnelle et la théorie du mode d'entrée. Les rôles des expatriés dans le transfert international sont mis en évidence dans le contexte individuel. Le chapitre 3 commence par expliquer pourquoi nous adoptons une méthodologie qualitative pour cette recherche. Ensuite, la conception de la recherche est illustrée et le chapitre se termine par la méthode qu'on utilise pour analyser les entretiens.

La deuxième partie analyse le processus de transfert des pratiques de GRH dans huit multinationales françaises en Chine. Nous expliquons les résultats empiriques principaux à travers les études de cas détaillées et l'analyse de cas croisée. Trois chapitres contribuent à la deuxième partie. Le chapitre 4 présente tout d'abord des contextes institutionnels de la Chine grâce à son économie et les politiques pour l'investissement étranger direct, le système d'éducation, la famille, *guanxi* (face), ainsi que des éléments importants dans les nouvelles lois sur le travail. Le chapitre 5 présente les études

ions, entry modes and expatriates affect the transfer of HRM practices.

General conclusion begins by a discussion and implications on successful transfer of HRM practices in French MNCs in China. Limitations are discussed afterwards. General conclusion ends with a future research proposal.

References and index are attached at the end of the thesis.

de processus de transfert pour quatre pratiques de GRH spécifiques au sein de huit multinationales françaises en Chine.

Le chapitre 6 continue à discuter certaines preuves empiriques qui sont liées aux quatre pratiques de GRH spécifiques. Ensuite, nous analysons comment des facteurs comme les différences culturelles, les facteurs institutionnels, les modes d'entrée et les rôles des expatriés affectent le processus de transfert.

La conclusion générale commence par un débat sur les implications managériales de notre recherche sur le transfert réussi de pratiques de GRH de multinationales françaises en Chine. Les limites de la recherche sont discutées par la suite. La Conclusion générale se termine par les perspectives futures pour la recherche.

Les références bibliographiques et les index sont mis à la fin de la thèse.

PART ONE

THEORETICAL BACKGROUND ON TRANSFER OF MANAGEMENT PRACTICES

Part one contributes to the theoretical review on transfer of managerial practices in MNCs. It is composed of the following three chapters.

Chapter 1 begins with the definition of HRM. Four specific HRM practices are being discussed in our research, which are recruitment, training, compensation & benefits and annual performance review. Then, we discuss the importance of transfer of management practices in MNCs, which can help to improve the internal consistency, accomplish goals and satisfy employees.

Chapter 2, Heenan and Perlmutter's EPRG model is a good departure to study MNCs' internationalization. In their work, Heenan and Perlmutter (1979) identify four strategic approaches toward managing international HRM, which are ethnocentric, polycentric, regiocentric and geocentric. Then, the analytical framework that composed of three contexts (country, organization and individual) is presented. The country context mainly identifies cultural differences between France and China through Hofstede's model. In the organization context, we adopt institutional approach and the theory of entry mode to investigate the impediments in the transfer process. Expatriates' roles in the international transfer are highlighted in the individual context.

Chapter 3 begins by explaining why we adopt qualitative methodology to do this research. For instance, we consider that open-ended questions can better provide the informants with the opportunities to describe the transfer process. In addition, through case studies, we can better explore the reproduction and adaptation among the different companies. Since there are not so much research data concerning French companies' internationalization, hence, qualitative approach is considered to be appropriate for our research. Next, the research design is described by presenting which kind of companies have participated in our research; who are the informants; how long the interviews last, questionnaire design and so forth. The chapter ends with the explanation on how we analyze the interviews.

CHAPTER 1

DEFINITION OF HRM PRACTICES AND SUCCESSFUL TRANSFER OF HRM PRACTICES

In this chapter, our theoretical framework will be presented. We begin with the definitions of the main concepts in our research and then, we discuss the importance of transferring the management practices within MNCs.

1.1 Definition of HRM practices

Human resource management (HRM) practices are specialized in the management of people in the companies. They are parts of corporate strategy and HRM specialists use them to integrate employees together and boost their competences. HRM practices are believed to have direct effects towards the organizational performance (Alcazar, Fernandez and Gardey, 2005; Wright, Gardner et al., 2005; Boxall and Purcell, 2011). Up to now, there is no consensus towards the definition of HRM and its internationalization. Basically, each organization cannot get things done without labor force. Each organization has some kinds of “human resource management” to manage people to work.

In a four-country comparison, Carroll (1987) suggests that compensation, performance appraisal, training, recruitment and promotion are the main HRM “systems”. Welch (1994) concludes that HRM covers four main areas, which are recruitment and selection, training and development, compensation & benefits and expatriation management. Hendry (1994) argues that HRM also includes expatriates’

management and development, managements' internationalization and the need to create a new corporate culture. According to Scullion (2001), international HRM is "the HRM issues and problems arising from the internationalization of business." In his work, Taylor (1996) defines HRM as "the set of distinct activities, functions and processes that are directed at attracting, developing and maintaining an MNC's human resources. It is thus the aggregate of the various HRM systems used to manage people in the MNC, both at home and overseas." With the ongoing globalization, some scholars have developed the definition of HRM to cover localization of management, international coordination, global leadership development and global knowledge management (Evans, Pucik and Barsoux, 2002). In their work, Dowling, Schuler and Welch (1993) define HRM as the interplay among HRM functions, HRM practices, diverse types of employees and different operations in a cross-national background. Furthermore, Dowling, Festing and Engle (2007) differentiate three strategic HRM functions (orientation, resources and location), four strategic HRM policies and practices (staffing, appraising, compensation and developing) and five strategic HRM goals (competitiveness, efficiency, local responsiveness, flexibility, learning and transfer). More recently, Mondy (2011) argues that there are four functional areas that are associated with the effective HRM, which are human resource development, compensation, safety and health plus employee and labor relations.

In line with these different definitions, we can be aware that there is an evolution regarding HRM's definition. HRM has increased its focuses from basic HRM functions (recruitment, training, compensation & benefits and evaluation) to take leadership, balance between practices' standardization and localization, relationship between headquarters and local operations into consideration. Moreover, each of the HRM functions and policies links to various practices. For instance, performance appraisal, training and development can be involved in a range of practices that relate to career development. Our research is in a cross border context within French multinational companies, we consider that using

common set of some specific HRM practices can provide a broad basis of comparison for our research. Meanwhile, based on the previous research on international HRM (Myloni, Harzing and Mirza, 2006; Rosenzweig & Nohria, 1994; Lu & Bjorkman, 1997), we limit our research on the four specific HRM practices, namely recruitment, training, annual performance review plus compensation & benefits.

Basically, practices are composed of core concepts, definitions, categories, procedures, values, beliefs, written rules and so forth. Since the practices differ from each other in terms of implementation scope, formalization degree and target, in our research, we identify specific practices from general ones, explicit practices from tacit ones, practices of people orientation from those of technology focus.

Specific practices mean the practices which are regarding to specific tasks within a functional area, for example staffing practice. Such a practice can ensure that each MNC has the appropriate number of employees with the required skills in the right positions at the right time to achieve organizational objectives. General practices refer to the tasks at a broader scope, for example strategic business unit management. Such a practice provides a guideline to manage the individuals in a management structure matrix. Regarding the forms of practices, we consider the written practices as the explicit practices, which are codified and particularly recorded in documents. However, the practices that are tacit, to some extent are difficult to be transferred. Practices also differ from their targets. Some practices are primarily technology focus (Simonin, 2004) while the others are more social (Bhagat, Kedia et al., 2002). For instance, HRM practices cover both technology aspects (e.g., HRM E-system) and social ones (e.g., leadership).

The term management practice is being considered as an efficient way to address the tasks or processes in companies. According to Kostova (1999), management practices are the shared knowledge and competences of the organization, which tend to be accepted and adopted by employees. We therefore

define HRM practices as standardized methods for HRM functions in order to manage people. HRM practices widely exist in each company. In our research, we focus on the transfer of the four specific HRM practices, namely recruitment, training, annual performance review plus compensation & benefits. These four specific HRM practices are considered to be widely adopted in the MNCs. In particular, they exist in the eight investigated company. Therefore, we are able to compare the transfer level of various HRM practices among the different industries.

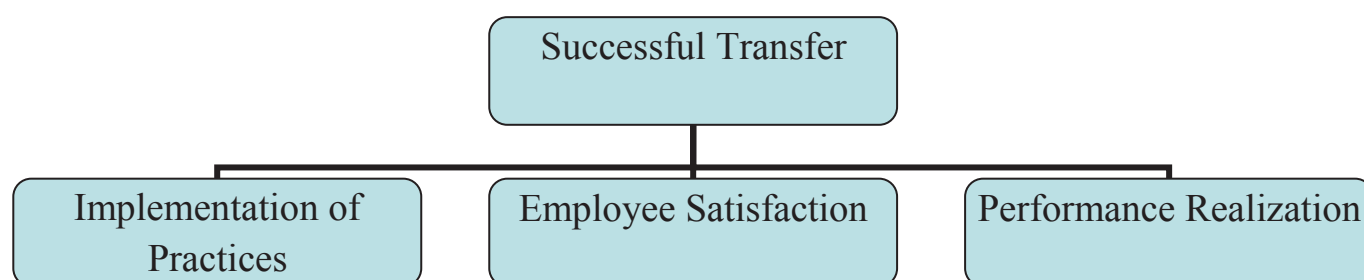
- Recruitment means selecting the right people. When making subsidiary staffing decisions, a multinational company can either choose employees from parent country nationals, host country nationals or third country nationals;
- Training should provide employees with equal opportunities and lead them to fulfill their career goals (career development) along with meeting organizational targets;
- Annual performance review is appraisal from direct supervisor or others. In our research, we are interested in figuring out whether Chinese subsidiaries have set up the annual performance review system as those at headquarter in France;
- Compensation & benefits are salary packages, which are composed of fix and variable salary. The setting of compensation & benefits is influenced by organizational culture, national economy, relevant labor market, industry benchmark, tax law, etc.

It is important to note that these four specific HRM practices can be formalized at one point and left informal as well. Furthermore, they tend to be complex and tacit (more people oriented than technology focused). Therefore, we suppose that it is difficult to transfer them from one unit to another. We are interested in figuring out how they can be transferred across borders.

1.2 Successful transfer of HRM practices within MNCs

After defining the key concepts in our research, we go on to analyze the importance of transferring management practices. In her work, Kostova (1999) defines successful transfer as “the degree of institutionalization of the practice at the recipient units”, which can be conceptualized at two levels - implementation and internalization. According to Kostova, implementation involves the adoption of formal rules and policies. Kostova also uses the concept of internalization to describe whether employees add value towards the practices. In the context of French subsidiaries in China, a relevant question is therefore posed: to which extent HRM practices can be adopted and internalized at the recipient units? We consider these two concepts can well explain the transfer outcomes, which clearly indicate the lens between the behavioral application of the transferred practices and attitude of employees.

In our research, the transfer of HRM practices also encompasses implementation. It is the process of reproducing home-country HRM practices in Chinese subsidiaries. Furthermore, we consider that the adaptation of transferred practices to local contexts may be essential, where it can help to achieve employee satisfaction (psychological part) and accomplish performance (operational part). Pursuant to Kostova’s hypothesis (1999), we argue that international transfer process includes the reproduction of HRM practices and adaptation. In particular, employees’ satisfaction can facilitate the adoption of new practices. Profitability allows for investment in incentives, improving the working environment and so forth. These activities are interrelated and contribute to positive views of employees toward the strategy as sharing the best practices within the group. Hence, we consider that implementation of transferred practices, employees’ satisfaction, and profitability all matter with regard to the transfer outcome (see figure 2).

Figure 2: Transfer outcome

1.2.1 Implementation of practices at recipient units

Implementation of practices at the recipient units is considered as the first aspect to check the transfer outcome. Drawing on Kostova's statement (1999), we define implementation as the reproduction and adaptation of a plan, idea, model, design, specification, standard, policy or the "best experiences" in another unit. Many factors can have negative impacts toward implementation, for instance, the inability to recognize and articulate the tacit HRM policies or ideas, the institutional distance between France and China, language differences, lacking of shared beliefs, motivation issues, trust and so forth. These impediments can, to some extent, lead to the failed transfers.

Consider, for example, that the practices are proved to be effective and efficient in French parent company but they do not work in Chinese subsidiaries. Sometimes, it is because there is no common agreement towards the "best practices". The Chinese subsidiaries are frustrated with headquarter's so-called advanced experiences. In such a case, the recipient units may, intentionally or not, implement part of the practices only or even implement nothing while reporting another story to the headquarter. Sometimes, there is no mechanism for knowledge sharing within the group. Because the local employees are lacking of the motivations to adopt new practices, the reproduction of management practices may not work as well as it was originally planned.

MNCs hope to repeat the successful experiences in overseas operations. In light of this, MNCs try to transfer the home-country practices to a considerable extent. Generally speaking, implementation may serve as the necessary condition for achieving local employees' satisfaction and realizing performance, but it is not inevitable. For example, the practice of job rotation has been implemented in Chinese subsidiaries under French headquarter's pressure. However, some Chinese employees do not agree to have job rotation for every three years. Instead of considering the advantages of job rotation, some employees may have negative attitudes and work in the new posts inefficiently. In such a case, job dissatisfaction appears and implementation of transferred practices does not necessarily lead to employees' satisfaction, but negative attitudes. The performance is therefore influenced.

1.2.2 Employee satisfaction

Successful transfer of practices covers three aspects. Implementation is the behavioral level to ensure that the practices have been reproduced and adapted at the recipient units. Employees' attitudes and performance should also be integrated to check the transfer outcomes. There are the two original targets for transferring the management practices.

Generally speaking, once the values of the practices are identified, accepted and approved by the recipient units, employees will become aware of organizational expectations towards the transferred practices. They will in turn attempt to implement the new practices. Employees will be pleased to transfer the practices by adding value into them. In such a case, we can argue that practices are internalized (Kostova, 1999) and result in employees' satisfaction. In fact, employee satisfaction is a concept adapted from job satisfaction, which has been proved to have a positive correlation to achieve the superior performance (Kashefi, 2009). For Locke (1969), job satisfaction means "the pleasurable emotional state which results from the appraisal of one's job as achieving or facilitating the achievement

of one's job values". Job satisfaction is a personal state by evaluating an encountered job with some extent of like or dislikes (Whitman, Rooy and Viswesvaran, 2010). Given that job satisfaction represents employees' attitudes towards the job and each job is composed of various practices, by consequence, we consider that employee satisfaction can represent employees' positive attitudes toward the transferred HRM practices. The linkage between employee satisfaction and implementation is therefore significant.

1.2.3 Performance realization

With globalization, each company is evolving in a competitive business environment. Performance realization is the first and original focus for all the companies. However, in reality, there is a divergence in performance among companies even though they face with similar environmental challenges. Why will this happen? The resource-based theory provides us with an answer.

The main idea of resource-based theory is that companies should use resources to achieve competitive advantage and gain the long-term performance. The so-called resources are usually rare while they are valuable to the creation of competitive advantage (Myloni, Harzing and Mirza, 2007). In particular, resource-based theory treats knowledge as generic resource, either at explicit forms or tacit ones. Since each company is a carrier of resources. And HRM practices are knowledge imbedded and used within the companies. Therefore, we consider HRM practices as resources that companies can use to gain the superior performance and ultimately build competitive advantage.

In our research, transfer of HRM practices is one kind of knowledge transfer. It brings out the differences among companies' performance. Previous studies on forward transfer of knowledge in MNCs acknowledge that a successful transfer can enhance company performance (Child and Tse, 2001; Thory, 2008). Summarizing from the above discussion, we argue that transfer of HRM practices will lead to performance realization.

CHAPTER ONE SUMMARY

In this chapter, the concepts and components of HRM practices that we will further observe in interviews have been presented. Practices as recruitment, training, compensation & benefits and annual performance review have been widely used in each multinational company. Therefore, we mainly focus on these four specific HRM practices in our research, which allows providing a broad comparison among the investigated companies. Then, we identify the transfer outcome, which include implementation of practice in the subsidiaries, employee satisfaction and performance realization. They are the motivations and orientations for MNCs to transfer the home-country practices to overseas subsidiaries.

Subsequent chapter devotes to various bodies of literature on the transfer of management practices. Firstly, Heenan and Perlmutter's EPRG model will be described. Then, we identify factors from three levels: country, organization and individual context. In the country context, Hofstede's five cultural dimensions are presented. In the organization context, we illustrate that two basic mechanisms may affect knowledge transfer, which are institutional interactions and entry modes. The roles of expatriates in the international transfer process are discussed in the individual context.

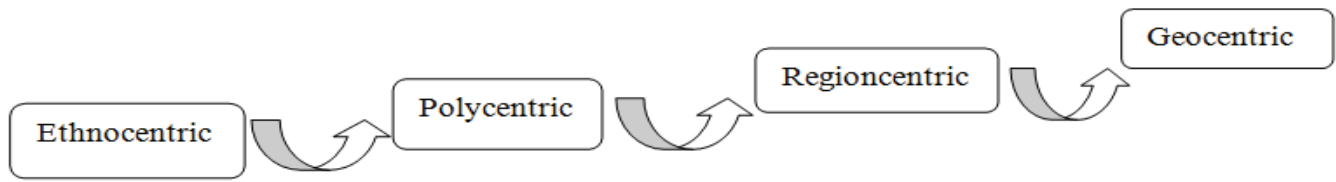
CHAPTER 2

LITERATURE REVIEWS AND ANALYTICAL FRAMEWORK

With the ongoing globalization, each MNC is facing the challenge to balance coordination and control of overseas subsidiaries. Such a challenge has become a growing field of research for academics and an important point of concern for MNCs. In this chapter, we address the various theories in international business and identify the factors that contribute to successful transfer of HRM practices.

2.1 Heenan and Perlmutter's EPRG model

When considering the orientation that MNCs can take towards HRM internationalization, Heenan and Perlmutter's model is an appropriate point of departure. Their work shows how MNCs do business in a global scale and how they shape their internationalization strategies in the long-term run. Since 1970s, Heenan and Perlmutter (1979) have been working on classifying MNCs' management strategies. They propose four kinds of management strategies (see figure 3), which are abbreviated to EPRG: (1) ethnocentric; (2) polycentric; (3) regiocentric and (4) geocentric. According to Heenan and Perlmutter, EPRG model provides a useful lens through which we can consider the orientations of MNCs towards international human resource management (IHRM). Be noted that it is unlikely MNCs will exactly fit into a single type, but they will display more than one type (Bonache and Fernandez, 1999).

Figure 3: EPRG Model

Source: adapted from Heenan and Perlmutter (1979).

Nowadays, the world is experiencing the increasing global workforce. Here, we discuss these four approaches by using the example of staffing executive for MNCs' overseas operations. Generally speaking, when making staffing decision for the subsidiaries abroad, MNCs have three basic options for staffing the executives: parent country nationals, host country nationals and third country nationals.

A parent country national is a citizen of the country in which headquarter is located. Recruiting parent country nationals can ensure the control and coordination between headquarter and the overseas subsidiaries. At the same time, they can ease the transfer process of knowledge (Tan and Mahoney, 2006) for parent country nationals have substantial experiences and better understanding towards the operations in parent company. They thus play important roles in transferring the tacit knowledge from headquarter to overseas operations. However, recruiting parent country nationals is costly. Host country nationals become the alternative options, who are local employees in host countries. An example is Chinese employees working for French MNCs in China. Using host country nationals can improve the local legitimacy but they may lack of the knowledge as parent country nationals have. A third country national is an employee neither from the country where headquarter is located nor from the host country. An example can be a Chinese citizen working for French company in Vietnam. On the basis of the stated types of employees, MNCs have four options for executives staffing.

1) Ethnocentric staffing approach

According to Heenan and Perlmutter (1979), ethnocentric staffing approach means companies primarily hire expatriates with parent country nationality to hold senior management positions in overseas subsidiaries. Generally speaking, this is a home-country oriented strategy, which is welcome by MNCs for their early stage of internationalization. They assume that home-country standards and practices should be adopted in overseas operations on priority, which can help to make sure the practices' consistency and reproduction. One of the main drawbacks is that ethnocentric strategy will lead to cultural short-sightedness and not to promote the appropriate practices in the local company. And the cost of an international assignment is relatively high.

2) Polycentric staffing approach

This is a host-country oriented approach. Host country nationals are widely used in the subsidiaries, from top to bottom. It empowers the local employees to lead the subsidiaries and set up parts of their own management practices. This is an extensive adaption to local environment. MNCs consider that each country is different from the others, so the effective management should be developed by subsidiaries appropriately and supervised by local managers. Concerning polycentric IHRM strategy, expatriates from parent country are rarely used. Likewise, employees from host country can benefit from career developments in the subsidiary. The advantage of polycentric staffing is to make full use of host country nationals in terms of their knowledge towards specific culture, regulations and how business is done locally. However, it limits career mobility for both home and host country employees. MNCs may lose control over subsidiaries.

3) Regiocentric staffing approach

Regiocentric is the extension of polycentric IHRM. From regiocentric IHRM's perspective, employees can be recruited from a third country within the region. The third countries are more or less located at

the boundaries. Employees' careers can therefore be developed in a wider field within the region (e.g. Europe, North America, Asia-Pacific, etc.). However, the promotions are rare from regions to headquarters and it is more expensive than polycentric staffing.

4) Geocentric staffing approach

This is a world-oriented approach. According to Heenan and Perlmutter, when MNCs desire an integration of all foreign subsidiaries on a global scale, they adopt the geocentric approach. Given that top management positions are filled regardless of the nationalities, what MNCs attempt to do is recruiting the most competent people. However, this is an expensive approach for it requires higher level of communication, coordination and integration among the subsidiaries.

2.2 The analytical framework on the successful transfer of HRM practices

Transfer of management practices is a complex process. In order to well integrate the impacting factors that hinder MNCs' knowledge transfer, our research framework is built on the basis of Kostova's model (1999). We analyze the international transfer through three contexts: country context, organization context and individual context.

2.2.1 Country context: Hofstede's five cultural dimensions

The transferability of management practices has been receiving constant attention from scholars and practitioners (Chiang and Birtch, 2007). Culture, is perhaps the most widely discussed topic in international business. Defined as the predominating attitude and behavior, culture shows the characteristics of a group, a community, an organization or a nation (Menipaz, 2011). Culture can be found everywhere. For example, language, religion, sense towards time and space, working style,

attitude towards the hierarchy in the organization, the favor of risk or stability orientation are some kinds of cultural characteristics.

Different cultures lead to various points of view and reaction towards the transferred HRM practices. The impact of cultural differences in HRM is particularly problematic for each MNC has diversified employees. Moreover, culture is more implicit-oriented. Hence, scholars (Stone, Eugene, and Lukaszewski, 2007) argue that companies must well understand the expectations of each employee, for various culture and subcultures have different preference on work-scripts and role conceptions. Culture plays in attracting, motivating and retaining individuals in organizations (Heenan and Perlmutter, 1979; Hofstede, 1991; Erez, 1994). Indeed, Schneider and Barsoux (1997) argue that cultural difference becomes one of the main drivers in explaining why the same HRM policies are not producing the same effects in different subsidiaries. Hence, Kogut and Singh (1988) highlight that working with local partners is a preferable strategy for MNCs to reduce the impacts of different culture. Furthermore, some scholars (Abdellatif, Amann and Jaussaud, 2010) state that geographic distance also matters the consideration of cooperating with local partners (from the perspective of cost in communication). In their work on examining the multi-dimensional reward preferences in the cross-border context, Chiang and Birtch (2007) argue that culture may impinge on reward preferences but its influence may be diminishing or giving way to a range of other contextual forces.

In general, there are substantial studies on cultural distance and they are more or less in reference to Hofstede (1991), Trompenaars (1994) and Schwartz (1999). According to Hofstede (1991), most of the inhabitants of a country share similar mental values, which are aligned with national culture. For him, culture is “the collective program of mind which distinguishes members of one group from another and guides daily interactions”. Hence, national and regional cultural groups can affect the behavior of societies and organizations. Meanwhile, he conceptualizes that the nature of the culture “is more often a

source of conflict than of synergy, is more implicit than explicit. Cultural difference is a nuisance at best and often a disaster.” Through collecting empirical data in over 70 overseas subsidiaries of IBM around the world, Hofstede proposes four cultural dimensions to identify each country’s cultural profile, which are power distance index, masculinity, individualism and uncertainty avoidance index. Afterwards, based on a subsequent study, Hofstede adds a fifth dimension “long-term orientation” into his cultural model.

Power distance index expresses the degree that people accept and expect that power is distributed unequally. For instance, decision making in the high power distance company is more centralized than decentralized. The organization structure is hierarchical and employees tend to wait for the instructions from superiors before working on the tasks.

Individualism indicates that people are self-oriented and in favor of independency. Oppositely, collectivism indicates that people prefer to consider themselves as group members and they value group decisions, teamwork and collective attributions. For instance, the compensation & benefits systems differ across countries. Erez (1994) highlights that performance-based payment system is more likely to be used in the individualism countries (e.g. the United States). By contrast, in collectivism countries (e.g. China), the incentive systems tend to be group-based.

Masculinity is versus to femininity. Masculinity culture values self-achievement, control, power, earnings, recognition and challenging work. Femininity culture, by contrast, focuses more on relationship, working condition, cares for others and work-life balance. They are more motivated by employment security, belongingness, vacations and better working conditions.

Uncertainty avoidance index, Hofstede (1991) defines it as “the extent to which members of a culture feel threatened by uncertain or unknown situations.” People with high uncertainty avoidance culture

prefer stability and are risk-adverse. For instance, they may prefer fixed and seniority-based salary. Low uncertainty avoidance culture points out that people are less concern towards ambiguity. They are open for changes. Therefore, performance-based payment system is a preference.

Long-term orientation vs. short term orientation: short term orientated company looks high on immediate feedback and return on investment (ROI), while long-term orientated company attaches more importance to sustainable development.

Table 1: National cultural difference between France and China

Cultural dimension	France	China
Power distance index	68	80
Individualism	71	20
Masculinity	43	50
Uncertainty avoidance	86	50
Long-term Orientation	30	100

Source: website, <http://www.geert-hofstede.com>, 01/04/2010.

Hofstede has positioned 74 countries on each dimension in the form of score (scale from 0 to 100), which allows us to make a comparison between France and China¹ regarding national cultural differences. From table 1, one can see that China is holding the collectivism culture where individuals prefer teamwork and collective decisions. Both countries have a preference on respecting authority, centralized decision-making and acceptance of hierarchy. Concerning the ranking of masculinity, both countries place high value on relationship and quality of life. Yet, we notice that France's uncertainty

¹ China was not included in the original research of Hofstede's cultural dimensions (1989) but Taiwan and Hong Kong do.

avoidance index gets significantly higher score than that in China. France is supposed to be sensitive to changes and will try to minimize the uncertainties by strict laws and rules, safety and security measures. And China is an uncertainty-accepting country. In our opinion, however, China is a conservative country, which is characterized by resistance to change (Child and Markoczy, 1993) and chasing for harmony (Bjorkman and Lu, 1999). Therefore, we consider China will be more likely to avoid risks and uncertainties, especially in the case of Chinese stated-owned enterprises.

Hofstede's model provides us with a general overview towards the cultural differences and similarities between France and China. But, a number of researchers have challenged Hofstede's theory (Schwartz, 2006; Sondergaard, 1994; Trompenaars, 1994; Kitayama, Schwartz and Kurokawa, 2000). One of the limitations of Hofstede's model is the data, which was only drawn from IBM employees and there exists bias. The second limitation is Hofstede's "dimensions are not directly accessible to observation but inferable from verbal statements and other behavior" (Abdellatif, Amann and Jaussaud, 2010). Hence, other cultural approaches are developed to back up Hofstede model's limitations. For instance, in his work, Schwartz (1999) identifies seven types of culture dimensions, which are embeddedness versus autonomy, hierarchy versus egalitarianism, commitment, mastery versus harmony. Trompenaars (1994) has also developed a model of culture with seven dimensions, which are universalism vs. particularism (e.g., rules versus relationships), individualism vs. communitarianism, specific vs. diffuse (e.g., how people manage their work and life), neutral vs. emotional (e.g., how people express emotions), achievement vs. ascription, sequential time vs. synchronous time (e.g. how people manage time) and internal direction vs. outer direction (e.g., the relationship between human and environment). Although Hofstede's work has received some critiques, it still holds value as a general framework to view culture (Kogut and Singh, 1988) and is widely cited by scholars. Hence, in our research, we adopt Hofstede's

five cultural dimensions to study cultural differences between France and China but we keep in mind the relative limitations.

In summary, the first challenge for international transfer of HRM practices is related to different cultural assumptions. Given that cultural distance will lead to information asymmetry, misunderstanding or even negative attitudes, we therefore, consider that cultural differences can increase the difficulties to get practices transferred. Being able to understand the local culture can help MNCs to decide which HRM practices can be globally transferred while others should be adapted to local contexts.

2.2.2 Organizational context: The institutionalism perspective and entry modes

The institutional interactions

In her work, Kostova (1999) highlights that subsidiaries must on one hand conform to headquarter's expectations in the pursuit of internal consistency and legitimacy, while on the other hand, they should adapt themselves to local institutional contexts (e.g., structure of the labor market, labor laws and regulations, training and educational systems, etc.) by adopting the appropriate structures and practices. Thus, institutional isomorphism is produced (DiMaggio and Powell, 1983 and 1991). Similarly, Scott (2007) emphasizes that organizations are shaped by external systems and forces in pervasive ways.

“Isomorphism is a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions”.

DiMaggio and Powell (1983)

According to DiMaggio and Powell (1983), institutional isomorphism is composed of coercive, mimetic and normative isomorphism. Coercive isomorphism argues that organizations are subject to external

pressures, such as the existing government regulations, political influence, labor law and rules. These legislations will impose certain patterns on companies. Therefore, companies have no alternatives but to comply with legislation requirements. Mimetic isomorphism is the output of uncertainty and ambiguity. Quite often, companies will look to the competitors or some reference groups for strategic choices. For instance, they imitate the successful experiences from benchmark. Normative isomorphism stems primarily from professional pressures. For example, consulting companies, business schools and trade associations can lead organizations to accept certain types of structures and processes.

Regarding the impacts of isomorphism, there are twofold. First of all, local institutional environment forces MNCs to adopt the practices, which do not exist in their parent companies. In such a case, subsidiaries are facing pressures to adopt home-country practices in some aspects. For instance, minimum salary regulations and termination policies vary from one country to another. MNCs should adapt their HRM practices to the local institutional regulations regarding these two aspects (Ayca, 2005). Consequently, subsidiaries tend to become isomorphic as other local organizations. Moreover, each country has its specific education system. Employees' education backgrounds are various. MNCs should recognize the local education focus in order to train employees with the knowledge and skills that they are lacking of.

Another way in which isomorphism will affect the transfer process is employees' own judgments. Employees tend to hold their own cognitions and beliefs towards the particular practices. If they hold positive views towards the transferred practice, it is easier for them to adopt it and vice versa. Kenny and Florida (1995) made a research on why Japanese MNCs have low levels of practice transferred in their subsidiaries in the U.S. They demonstrate that the first concern is the American employees. They resisted Japanese management style for they considered the "American way" to be the appropriate one. Secondly, the Japanese did not attach importance to overcome such a resistance. They considered they

were transferring the “best practices”. Obviously, both parties have their own cognitive points towards the so-called appropriate working approach.

As a result, imagine that a practice from a French headquarter is inconsistent with existing Chinese regulations, norms or cognitive structures, Chinese employees may become reluctant to implement the transferred practices or may have difficulties to understand such a transfer decision. An example in hand is the 360 degree feedback system which faces difficulties to be transferred to the Chinese contexts (Jaussaud and Liu, 2011). Parent company sends coercive pressures to subsidiaries for they consider this method can fairly and completely evaluate employees’ performance. Thus, subsidiaries are under pressure to adopt this practice. However, Chinese employees are holding negative attitudes towards this practice because they are not comfortable to be judged by the peers or subordinates. As a result, the subsidiaries are facing institutional distance between headquarter and local environments.

Next to the work of DiMaggio and Powell, we also have Rosenzweig and Singh, Kostova and Scott who have well addressed the impacts of local institutional environments towards multinational companies. For example, Rosenzweig and Singh (1991) argue that subsidiaries are undergoing two “dual pressures”. On the one hand, subsidiaries are facing the pressures to achieve consistency within MNCs. On the other hand, they are affected by a variety of local pressures, for instance the regulations. In such a case, subsidiaries are mandated to make adaptations in order to survive in the local environment. In particular, Rosenzweig and Singh highlight seven factors which can impact the international transfer process:

- legal and regulatory constraints,
- shared technology,
- parent country culture,
- cultural distance,

- composition of the work force,
- acquired versus greenfield subsidiaries,
- dependence of the host country on MNC.

More recently, following Rosenzweig and Sing's work, Kostova (1999) introduces the concept of institutional distance as "the difference between the institutional profiles of the two countries – the home country of the practice and the country of recipient organizational unit". She argues that successful transfer of organizational practices from a parent company to a recipient unit is negatively associated with the institutional distance.

The major findings of Kostova's work are twofold. First, she has created an analytical framework to study the transfer of organizational practices. Such a research framework leads us to understand that the international transfer process is affected by three contextual factors (e.g., social, organizational and relation factors). Regarding the social context, she highlights that the institutional distance between parent company and recipient unit will affect the transfer output. In the organizational context, Kostova investigates how recipient unit's culture can affect the transfer process. For instance, she argues when the recipient unit has the culture of learning and the compatibility with practice, the transfer of management practices will become easier. Concerning the relation context, she indicates that successful transfer is positively associated with a trust and commitment relationship. Regarding the contributions, Kostova has applied psychological factors to study international transfer while little research had done this. The second contribution of Kostova's work is that she identifies a successful transfer through implementation and internalization of the management practices. As a consequence, she argues that four types of adoption may exist in the recipient units:

- active (high implementation + high internalization),

- assent (low implementation + high internalization),
- ceremonial (high implementation + low internalization),
- minimal (low implementation + low internalization).

In conformity to Kostova's work, Smith and Elger (2000) also argue that national institutional differences can impact the transferability of production system in MNCs. Similar argument has also been proposed by Scott (2007). He develops three institutional "pillars": regulative (e.g. government enacts and enforces rules and laws), cognitive (e.g., certification and accreditation, social obligation) and normative (e.g., taken-for-granted and internal beliefs) process. From his point of view, "institutional environments are characterized by the elaboration of rules and requirements to which individuals must conform in order to receive legitimacy and support". Therefore, firms adopt similar practices when they are embedded in the same environments (Rosenzweig and Nohria, 1994). More recently, Becker-Ritterspach (2005) has conducted detailed case studies on four automobile MNCs in India. His research confirms that "both institutional and strategic distance have a distinct explanatory value for hybridization outcomes of production systems in automobile MNCs in India".

A growing number of researchers have emphasized the international transfer of management practices through institutional approach (DiMaggio and Powell, 1983; Rosenzweig and Singh, 1991; Kostova, 1999; Kostova and Roth, 2002; Becker-Ritterspach, 2005; Scott, 2007). In our research, we extend these previous works by analyzing the institutional factors from host country level. We consider "an institutional perspective is instrumental to understand the transfer, intercultural friction and organizational hybridization on the micro-level" (Becker-Ritterspach, 2005). And we define institutional interaction as the institutional differences, pressures and conflicts that MNCs may face when they are doing business across borders. For the host country institutional factors, we focus on Chinese family

structure, education system, economic situation and FDI regulations for MNCs plus some key points from new labor law. We will further explain these specific institutions in chapter 4. The mainly analytical framework in our research is informed by Kostova's model. We also emphasize the international transfer process through three contexts but mainly focus on country context, organizational context and individual context. With regard to transfer output, it can be standardization, localization or novelty. The motivations to push MNCs' to transfer practices are internal consistency, performance realization and employee satisfaction.

Entry modes

Substantial research on foreign market adaptation has concentrated on factor as entry mode (Johnson and Tellis, 2008). All MNCs must make decisions on entry mode when they would like to operate business in foreign countries. Various choices on entry modes will lead MNCs to face with different situations. Generally speaking, foreign market entry modes are composed of equity modes and non-equity modes (Jaussaud, 1991). In particular, the equity modes mainly include joint ventures and wholly owned subsidiaries. The non-equity modes mainly cover export and contractual agreements. There are other types of entry modes, for instance licensing, franchising, turnkey projects and strategic alliance. Given the complexity and variety of the entry modes, in our research, we only focus on the transfer of HRM practices from French MNCs to overseas subsidiaries in China.

In the case of wholly owned subsidiary, each MNC can set up its overseas units either through greenfield investment or merger and acquisitions (M&As). A greenfield investment means setting up a wholly owned subsidiary in a country. The characteristic of this entry mode is that MNC has complete ownership of the company in the host country. Greenfield investment can ensure that the parent company has better control over the subsidiary and closely follows up with the return on investment

(ROI). We can expect that it is easier to transfer the organizational practices in such a kind of subsidiary. However, due to the high cost of new plant's establishment, lacking of local knowledge, time consuming to get certificates to do business in host country, limitation of market entry, etc., M&A has become a popular alternative for MNCs. Through merger and acquisition, MNCs take over existing enterprises in the host country. To some extent, this is an efficient way to expand the business to a new market in a short period but integrating two companies is a delicate task. Culture, different organization systems, employees' emotions, relationship with the suppliers and so forth may cause problems to MNCs.

Besides the option of wholly owned subsidiary, MNCs can also choose joint ventures. The key difference between wholly owned subsidiary and joint venture is the degree of control towards the company in the host country. A joint venture is established by two existing companies or more. While one partner's headquarter is located in a foreign country, the other is in most cases located in the host nation. Both of them have their own organizational practices. They share the ownership of the enterprise which is located in the host country.

Through this kind of entry mode, MNCs can lower the huge investment, share the risk with the partnership, get fast access to the target market, gain local perspective to better design the products and know how to deal with government regulations (Jaussaud, 1991). However, some scholars have pointed out that it is more difficult to transfer management practices in a joint venture than in a wholly owned subsidiary (Bresman, Birkinshaw and Nobel, 1999; Meyer, 2001). The first possible reason is that individuals have a tendency to carry on existing organizational routines which they are familiar with. Making changes to existing practices takes considerable time and effort. Hence, from the perspective of employees, it is difficult to accept the new practices voluntarily.

The second possible reason is that MNC often has less power in decision-making than local partners. For instance, when local partner holds more ownership in the joint venture or is in charge of HRM department, it will be a time consuming process to approve the decision on implementing MNC's management practices. By contrast, wholly owned subsidiaries have fewer concerns on this issue (Abdellatif, Amann, and Jaussaud, 2010). Thus, in the case of joint ventures, MNCs should pay attention to the equity percentage and appointed responsibility (e.g., general manager and/or HR manager). In our research, we assume that French wholly owned subsidiaries have more facilities than joint ventures in transferring the HRM practices.

2.2.3 Individual context: Expatriates

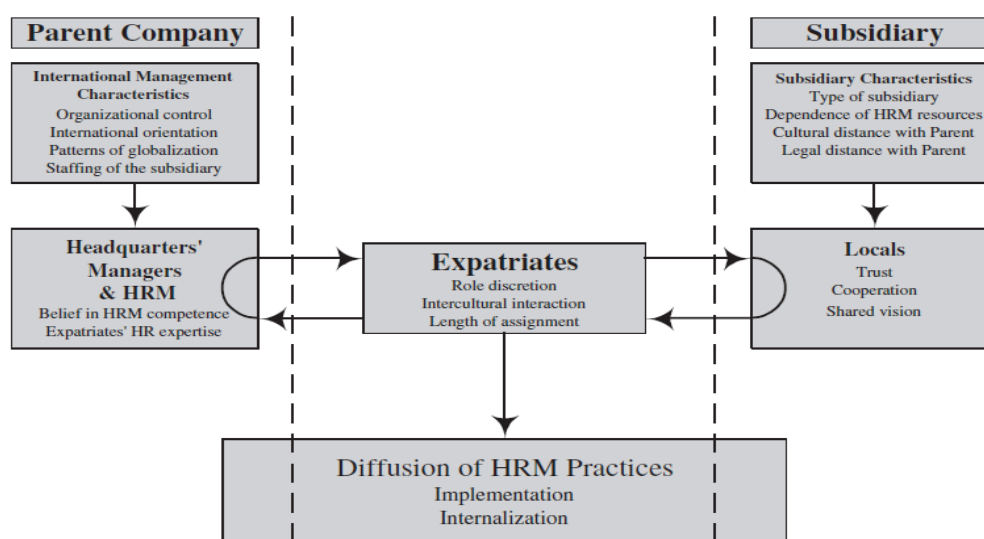
As we have discussed in the previous chapters, knowledge transfer has become a crucial issue for MNCs. HRM practices are one kind of knowledge. Given that some knowledge about HR is tacit or hard to articulate, how to successfully transfer HRM knowledge has captured a lot of attention from company practitioners and scholars. In order to improve the efficiency of knowledge transfer, MNCs often assign expatriates to their overseas operations to facilitate and ensure the local operations. An expatriate is an employee sent by his or her parent company to work in a foreign country for a fixed and rather longer period (e.g., more than six months) with or without family. They can be the citizens of the country of parent company, or they are the citizens of a third-country. Here, we categorized expatriates' contributions into three aspects.

In the area of forward knowledge transfer (knowledge flows from parent company to foreign recipient units), expatriates can facilitate the transfer process and ensure the transfer outcome. As it is known, most of the internationalization strategies are decided by headquarter. Expatriates' understandings towards corporate policies and practices as well as their working experiences at headquarter can help

subsidiaries to be better aware of the “know-how” questions. Hence, the presence of expatriates and their extents of communication and coordination with parent company can significantly affect the degree of similarity between local HR practices and those at headquarter (Rosenzweig and Nohria, 1994; Gupta and Govindarajan, 2000; Riusala and Suutari, 2004), help efficiently transferring general knowledge as well as firm-specific capabilities (Tan and Mahoney, 2003 and 2006; Minbaeva and Michailova, 2004), carrying and implementing the business strategies of headquarter in overseas subsidiaries (Bjorkman and Lu, 1999 and 2001). Furthermore, in their work on analysis of expatriate employment levels and performance of Japanese firms in 48 countries, Gaur, Delios and Singh (2007) indicate that MNCs rely more on expatriates when they are operating business in institutionally-distant environments.

In the area of reverse knowledge transfer (knowledge flows from companies that located in the host countries to parent company or other companies belonging to the MNC), expatriates are responsible to acquire local knowledge, communicate the updates of local business to headquarter (Heenan and Perlmutter, 1979). In their work, Lyles and Salk (1996) highlight that knowledge acquisition by international joint ventures is positively related to the number of expatriates assigned to the ventures.

As it is shown in figure 4, the third important contribution of expatriates is that they are acting as a link between headquarter and overseas subsidiaries (Bjorkman and Lu, 1999 and 2001; Cerdin, 2006 and 2008). Such a link allows parent company to control subsidiaries and meet the need of global integration (Harzing, 2001; Belderbos and Heijltjes, 2005; Jaussaud and Schaaper, 2006) as well as enhance the coordination and local responsiveness (Wang, Tong et al., 2009). Here, Cerdin’s model (figure 4) provides us with a clear idea towards the roles of expatriates in the international diffusion of HRM practices.

Figure 4: Expatriates' roles in MNCs

Source: Cerdin (2003).

In view of the discussions above, expatriates can contribute to successful knowledge transfer. However, using expatriates is a costly investment (Selmer, 2003) and sometimes failed (Harris and Brewster, 1999). In order to reduce or contain the costs of expatriation and ensure the control as well as coordination within the group, scholars propose that MNCs can send expatriates to fill the strategic management roles in overseas operations and leave relatively functional and operational positions to locals (Schaaper et al., 2012) and to flexpatriates on short-term assignments (Amann, Jaussaud and Schaaper, 2013). In their work, Mayerhofer, Hartmann et al. (2004) highlight that more staff were involved in flexible expatriate assignments, which are considered to be less expensive and risky. Regarding the roles of flexpatriates, Tahvanainen, Welch and Worm (2005) describe that companies can use short-term assignments for transferring skills, solving problems and managing specific projects.

In line with knowledge-transfer perspective, inpatriates are attracting MNCs' interests, too. Inpatriates are the employees from host country where subsidiaries locate and they are assigned to work in the

home country of MNCs on a temporary basis. For instance, in a French MNC, there is a Chinese HR director working at headquarter in Paris on an international assignment program. This Chinese HR director can be considered as an inpatriate. Lazarova and Tarique (2005) state that inpatriates can contribute to knowledge transfer for they can provide headquarter with subsidiaries' operations while they can transfer what they have learned during the assignments back "home". In particular, Harvey, Novicevic and Speier (1999) highlight that inpatriates provide more pronounced value for MNCs when they are operating business in culturally and institutionally distant countries. Similarly, Reiche, Kraimer and Harzing (2009) also argue that inpatriates provide MNCs with unique value because they are able to diffuse knowledge from one unit to another. They call inpatriates as knowledge agents.

Overall, in our research, we define expatriates as the employees sent by French MNCs to their Chinese subsidiaries on long-term assignments (e.g., three-year contract, more than six months anyway). Meanwhile, we define flexpatriates are the foreign employees sent by French MNCs to work in China on short-term assignments (e.g., one-month contract). And inpatriates are the Chinese employees who are selected to work at headquarter on international assignments (e.g., assignment can last from six month till three years, etc.). We consider that they are the practices carriers who bring direct personal experiences and individual knowledge to the business units in China. In their survey, Cartus (2010) states that MNCs tend to increase expatriates' presence for the top FDI destinations such as China. Hence, we assume that the presence of expatriates and/or flexpatriates can ease the transfer of HRM practices from France to China. Be noted that not all the employees are competent for the international assignments. Hence, some scholars argue what matters to knowledge transfer should be the types or traits of expatriates rather than the number of expatriates (Bjorkman and Schaap, 1994; Dhanaraj, Lyles, Steensma and Tihanyi, 2004; Wang, Tong et al., 2009). Besides expatriates, we assume that inpatriates and flexpatriates can also contribute to the transfer of home-country HRM practices to overseas

operations. Finally, regarding the roles of expatriates, flexpatriates and inpatriates, they are fourfold: commander, conductor, coach and connector (Cerdin, 2003).

2.3 Strengths and weaknesses of the selected theories

The transferability of management practices has received constant attention from scholars and practitioners. The discussion above has shown different theories regarding international transfer of management practices. They lead us to better understand the phenomenon of international transfer. However, each coin has two sides. We should take care of their weaknesses when we adopt them as our research theories. Here, a summary is presented to discuss the strengths and weaknesses of the mentioned theories.

Companies are closely associated with local specific cultural contexts. Cultural approach provides us a starting point to understand the restraints in the transfer process. Through Hofstede's cultural dimensions, we learn that national culture can reflect companies' preferences regarding HRM practices. MNCs should learn cultural differences in order to understand employees' different working styles and behaviors. However, cultural approach fails to clearly explain how transfer and adaptations are shaped in the local contexts. It neglects the fact that institutional environment has impacts on the international transfer of management practices at the subsidiary level. Therefore, we adopt institutional approach to further study the impediments existing in the international transfer process.

Institutionalism is being more and more concerned in the research area of international business. DiMaggio and Powell, Rosenzweig and Sing, Scott, Kostova and other scholars provide us with a clear framework on how institutional interactions affect the transfer outcome. Through their research, we recognize transfer outcome can either reflect parent company's practices or local benchmark or have new image. Therefore, we indicate in our research framework that there are at least three phenomena

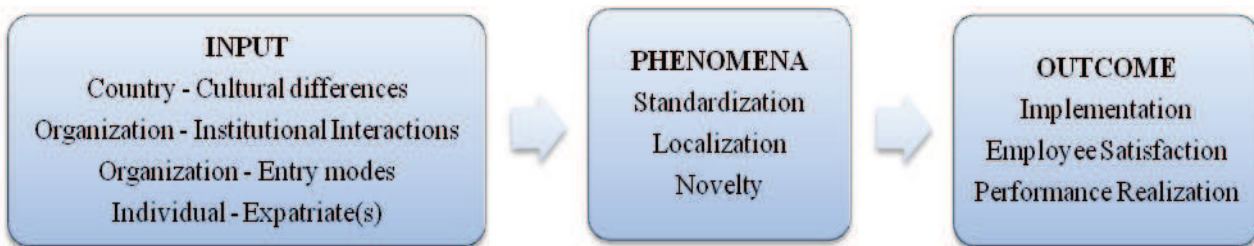
existing in the international transfer (Fit, misfit and innovation). Given that these scholars put a lot of efforts into studying the general transfer forms and practices from the macro level, to some extent, they are weak in considering the impact of different environment on companies' transfer strategies towards specific management practices, for instance, HRM practices. Therefore, we would like to see how institutional factors of a host country affect the transfer of HRM practices.

It is important to note that some scholars include the discussions of cultural values and norms under the cognitive isomorphism. For instance, Paik, Chow and Vance (2011) develop the concept of "cultural-cognitive pillar" on the basis of Scott's three institutional pillars. In our research, we study cultural impacts separately. Cultural approach has been widely adopted for the research in international business area. In particular, it is perceivable that France and China are distant from one to another, both geographically and culturally. Furthermore, culture tends to be more tacit than explicit. For the sake of clarity, we discuss the impacts of cultural differences towards transfer of HRM practices apart from institutional factors.

The international business perspectives, particularly the theories of entry modes, expatriates, inpatriates and flexpatriates help us to better understand the influential barriers for international knowledge sharing within MNCs. However, these two factors are mainly drawn from micro level. They are rarely integrated in a multilevel framework (country – organization – individual).

Each stated theory has its own strengths and weaknesses. In order to capture a wider range of influences on the transfer of home-country HRM practices to overseas subsidiaries, we integrate the macro and micro factors into a framework (see figure 5), addressing how factors as culture, institutional interactions, entry modes and expatriates affect the international transfer.

Figure 5: Research framework



CHAPTER TWO SUMMARY

In the field of international HRM, two main approaches have been used to analyze international HRM issues. The first approach is using Heenan and Perlmutter's EPRG model to address MNCs' international strategies. This model is composed of ethnocentric, polycentric, regiocentric and geocentric strategies. The second approach is to balance MNCs' local responsiveness and global integration. For instance, scholars use cross-culture management to examine human behavior within an international operation (Prahalad and Doz 1987; Taylor, Beechler and Napier, 1996).

In view of the previous discussions, we found that many factors can contribute to a successful transfer of management practices (Szulanski, 1996). But how to integrate the scattered factors is a complex task. As it is argued by many scholars, a multilevel approach may fit for such a research. By consequence, we design a research framework covering three contexts: country, organization and individual. In the country context, we have discussed the cultural differences between France and China. Concerning the organizational context, we have explained how institutional interactions and entry modes affect the transfer process. Literature on international business has frequently addressed the contributions of expatriates in the process of MNCs' internationalization. Hence, in the individual context, the roles of expatriates are described.

Within the framework, we also identify three phenomena that may appear in the transfer process. They are the standardization, localization and novelty. Transfer of HRM practices are supposed to implement the home country practices in subsidiaries/joint ventures, accomplish performance and satisfy employees. In the following chapter, an analytical framework is developed. In our research, we mainly adopt qualitative methodology. In the first section of this chapter, we will explain why we adopt qualitative approach. Then, a research design is presented through explaining which kind of companies participate in the interviews, who are the informants, when the interviews are conducted and so forth. Lastly, we explain how we analyze the interviews.

CHAPTER 3

METHODOLOGY AND RESEARCH DESIGN

Chapter 3 is mainly for presenting the analytical framework in our research. In the first section of this chapter, methodology is discussed. Three main reasons are illustrated to explain why we use qualitative approach rather than quantitative methodology. Research design is presented afterwards by introducing companies' information and interview questions. Chapter 3 ends with a description on how we analyze the descriptive data from interviews.

3.1 Research methodology

Our research is mainly based on intensive case studies of French MNCs in China. All the empirical evidence presented in our research are mainly drawn from qualitative approach. Qualitative research is an investigation that seeks to answer the questions which are rarely and/or under developed. It can explain a current situation for the target group in some specific fields. In particular, it helps to answer research questions from the local perspectives. In other words, qualitative method is an effective approach to take local factors into consideration (Miles and Huberman, 1994).

Generally speaking, there are two main qualitative methods for data collection: in-depth interviews and participant observation. The in-depth interviews can help to collect data from informants' perspective and their experiences towards the specific subjects. Participant observation is suitable for collecting data

from daily behavior. The forms of data presented by these two methods can be dairies, notes, audio or video, recordings and transcripts.

There are several reasons for us to adopt the qualitative methods. First, China is one of the largest emerging markets in the world. Fast growing and changes are two major characteristics of China. Since 2008, China's labor markets were greatly influenced by two major events, namely the new labor law and the global economic crisis. Moreover, in 2011, China becomes the second economic giant in the world, placing after the United States. The average annual growth is around 9%. These characteristics lead our research on transfer of management practices to exploratory rather than confirmatory. Therefore, using qualitative methods, such as open-ended questions can better provide participants with opportunities to express their own point of views, rather than forcing them to choose from fixed-responses, as quantitative methods most often do. Furthermore, in most of the cases, the answers are unanticipated and using qualitative methods is like an exploring trip. We can thus ask "how and why" questions to better understand the international transfer process.

Second, our research aims to identify international transfer process of HRM practices. We try to describe and explore relationships between parent company's involvement and subsidiaries' reactions. For instance, through the case studies, we can better explore how various French MNCs transfer their best HRM practices to their recipient units in China, why they do so and what difficulties they encounter within the transfer process. Therefore, qualitative approach is appropriate for such a research, which can lead us to answer the research question on what adaptations may be needed to ensure the transfer of HRM practices from French parent companies to their overseas subsidiaries in China.

Third, there are not so much research data on this topic, especially regarding French multinational companies in China. How to transfer the management practices is still not clear. Each company has

recognized the importance to transfer the best practices but the concept is assessed on a nominal scale, with no clear demarcation details. Hence, qualitative research allows us to describe group norms through individual experiences. As a consequence, we consider qualitative method as an appropriate approach to study the international transfer.

In their work, Miles and Huberman (1994) argue that qualitative research occurs more naturally and produces word-based result, which has a quality of “undeniability”. In our research, instead of focusing on occurrences and testing the hypotheses, we pay more attention to the selected companies’ reports, websites, HRM documents, open-ended discussions through the interviews and observations. For instance, in our research, the examination is predominantly grounded on the primary data, which is collected through the semi-structured interviews with general managers or HR directors in the companies. Besides adopting the method of case study, we also use participants’ observations to back up how HRM practices are reproduced in French subsidiaries in China, what factors can contribute to a successful transfer. By consequence, we did not set up hypotheses in our research, but we work closely on the research questions to figure out the transfer of HRM practices in French multinational companies.

To meet this end, we firstly select the sample. Eight famous French multinational companies participated in our research. They are representing various industries. For example, one company is from aviation industry. One company is specialized in aerospace and defense sector. One company is from chemical industry. The rest of the companies are from electric, food, energy, insurance and transportation industries. They are mainly located in Shanghai and Beijing. The purpose for such a selection is to avoid the possibility of reflecting the same specific contexts and better meet the criteria of qualitative representations (Jausaud and Liu, 2011).

Thanks to « 2011 directory of French companies in China », we have been able to reach the key persons

in the French subsidiaries and establish the interviews. The informants are general managers and HR directors. In particular, they are holding positive opinions towards our research project. This favorable environment ensured our access to the companies. They were glad to share their own experience. Interestingly, during the interviews, we found that there was a cultural difference between French managers and Chinese managers. For instance, French expatriates were open to discuss the problematic issues existing in their companies and express their own opinions. By contrast, Chinese managers preferred to discuss the positive aspects and when they expressed their opinions, they usually started with “we think...we consider...”

In total, fifteen interviews were fully structured and conducted in June 2011 in China. All the data in our research were mainly drawn from interviews and observations. At the same time, we collected supplemental data from related documents and websites. The interviews were mainly focusing on HRM practices’ transfer. In our research, we only analyze eight cases. There are two main reasons that lead us to make such a decision. First, this amount of case studies appeared to be sufficient to find out the major factors, as we had saturation of data. Additional cases cannot provide significant additional information (Symon and Cassell, 1998). Second, it should be acknowledged that the case-study approach is time-consuming and labor-intensive. It requires substantial access to companies in order to get sufficient information. The eight cases that we analyzed have provided us with the necessary information for our research.

3.2 Research design

We have prepared a question list as our interview guideline. The question list was mainly informed by Yahiaoui Sekkai’s questionnaires (2007). Then we developed the question list through multiple rounds of modifications, which were based on extensive literature reviews, pre-test and expert opinions. There

are three versions for the question list, which are French, English and Chinese. The French and English question lists were pilot-tested with two professors and two Chinese consultants who worked in international business. The Chinese version had been pilot-tested with two Chinese professors who were doing research in international business area. These preparations can ensure that informants have no misunderstandings towards the questions. It is important to note that we have sent out our interview guideline to the informants two weeks before we had the interviews. The main purpose of collecting data in this way was to ensure that informants had time to think about the answers along with the examples in their daily operations before we conducted the interviews. In an email, we firstly explained the main ideas of this research project. Then, we identified the areas that we were interested in discussing with the participants, why we addressed these issues to their company and to themselves. And once again, the informants were assured about confidentiality and anonymity.

During our research stay in China, we made our efforts to avoid bias. For instance, the discussions were carried out strictly through an intensive question list. Nevertheless, we encouraged all the informants to express their own perspectives. Meanwhile, we recorded most of the interviews, which ensured the qualitative data were transcribed and coded so as to explore the important relationship and themes. Furthermore, we compared the interviews with the related documents and website contents.

Given the confidential information and promise to the informants, companies and informants' information will not appear in our research. We have changed all companies and informants' names to pseudonyms to protect confidentiality. The companies are therefore identified by codes as C1, C2, C3, C4, C5, C6, C7 and C8. However, such a limitation has greatly encouraged the informants to discuss the subjects more in-depth without hesitation.

Regarding the interview questions, general questions about the company and specific research questions related to the transfer of HRM practices were proposed to the informants. Each interview lasted between one and two hours. The major aims for the interview were to figure out how the transfer process was like and develop insights that could be empirically verified in subsequent research.

As previously mentioned, people that involved in interviews were either general managers or HR directors from the Chinese subsidiaries. The language used during the interviews was primarily English. We also conducted the interviews in French or Chinese. In order to avoid misunderstanding in terms of different mother languages, the interview questions extremely respected the rules like short questions, simple words and put questions in a logical order. As it has been mentioned beforehand, we sent the questions to the informants two weeks before the interviews.

The information gathered from the interviews mainly covers six areas: general information about headquarter and the Chinese subsidiaries, recruitment, training, annual performance review, compensation & benefits and expatriates' roles in the subsidiaries. With regard to general information about headquarter and the Chinese sites, the following questions were discussed:

- Industry type and product
- Year for first representative office, first joint venture, first wholly owned subsidiary in China
- Types of business entity (joint venture, wholly owned subsidiary, etc.)
- Numbers of wholly owned subsidiaries and joint ventures in China
- Numbers of employees in China
- Numbers of expatriates (nationality and positions)
- Numbers of employees in HRM department
- Existing HRM practices

Referring to the specific questions, we discussed 19 questions with informants. First, we posed the questions related to HRM practices in Chinese subsidiaries and comparing them to the ones at their headquarter. Then, we continued to discuss the transfer process for the four specific HRM practices, namely recruitment, training, annual performance review and compensation & benefits. Informants were encouraged to introduce some examples to further support their statements. In the end, we summarized the key points regarding the interviews.

Transfer of HRM practices from parent company to overseas subsidiary

1. What HRM practices have been transferred from parent company to the subsidiary? Totally or partially? One-time event or constant series?
2. What's the purpose to transfer HRM practices from parent company to Chinese subsidiaries?
3. What's the role of parent company in the international transfer of management practices?
4. Have you come across the difficulties when transferring HRM practices to Chinese subsidiaries? If yes, what were they? How did you deal with them?
5. What's your corporate culture?

Recruitment

6. Can you describe the recruitment policy in your company?
7. How and by whom the recruitment criteria are set up? By parent company? Local subsidiary? ...
8. Comparing with the recruitment practice at headquarter, do you use a different process and various criteria to recruit the employees? If yes, what are the main differences?
9. What are the challenges concerning recruitment in China for your company?

Training

10. What's the role of training in your company? What kinds of training tools do you use? Are they different from the training programs in the parent company? If yes, what are the differences?
11. Do you offer any training to expatriates? If yes, what were they?

Compensation & benefits

12. What are the components to make up the salary in your company? Is such a salary system the same as that in the parent company?
13. What's the main purpose for adopting such a salary system?
14. What's your idea on applying such a salary system in China context? Does it work well?

Annual performance review

15. Do you use the annual performance evaluation system in China?
16. If yes, does this annual performance evaluation system look the same as that in the parent company?
If yes, when applying this practice in China, what kinds of difficulties did you face with?
If not, what are the differences?

Expatriates

17. How many expatriates are there in your company? What are their positions and nationalities?
18. What is the role of expatriates in your company?

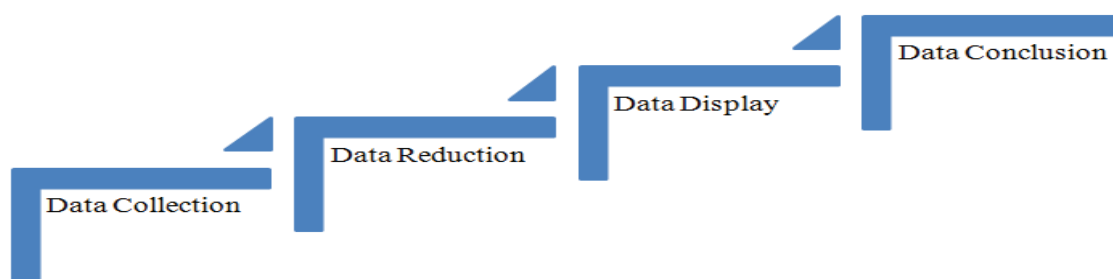
Successful transfer

19. How can you identify a successful transfer of HRM practices from a failure one?

3.3 Method for interview analysis

Data analysis and interpretation are the most critical and difficult elements within qualitative research (Yin, 1994). In our research, we adopt the analysis method from Miles and Huberman (1994). They indicate that three steps (see figure 6) are necessary to analyze the descriptive data, which are data reduction, data display and conclusion drawing.

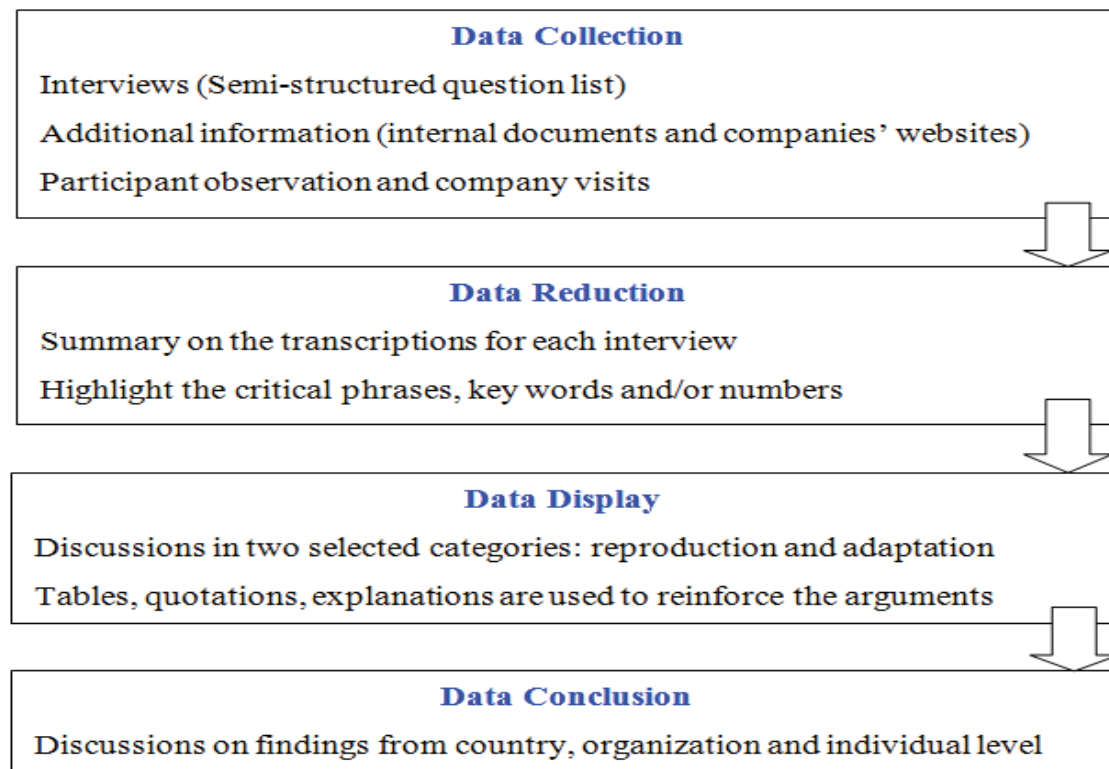
Figure 6: Component of data analysis



Source: adapted from Miles and Huberman (1994).

In the previous part, we presented how we collected the data (e.g., interviews, internal documents, websites, etc.). As it is stated by Miles and Huberman (1994), “a better display is a major avenue to valid qualitative analysis”. In our research, due to the richness of data collected, we present the reduced data and structure the information by writing summaries of each interview and highlighting the critical phrases. We hope to transfer the complex and scattered information into easily understood written texts. Furthermore, we set up two categories as reproduction of HRM practices and adaptation to integrate the reduced data. Given that there is still vague information, we search for supplement information to make the data as explicit as it can. Figure 7 summarizes the main tasks in each research step.

Figure 7: Tasks in successive qualitative steps



CHAPTER THREE SUMMARY

Chapter 3 mainly works on research methodology, research design and method for analyzing the descriptive data. In our work, we adopt qualitative methodology to do the research. Therefore, we had literature reviews, interviews as well as participant observation. Research design explains how we establish our questionnaires and operate the interviews. In order to analyze the qualitative data and draw conclusion, Miles and Huberman's method is adopted.

Subsequent part goes on analyzing the eight French MNCs in China. Chapter 4 presents some main features of Chinese institutional environment. In chapter 5, we analyze eight French MNCs case by case. Chapter 6 summarizes the main findings from the case studies.

PART TWO

CASE STUDIES ON TRANSFER OF HRM PRACTICES IN THE EIGHT FRENCH MNCS

Part two analyzes the transfer process of HRM practices in eight French MNCs in China. We explain the main empirical evidence through the detailed case studies and cross case analysis. Three chapters contribute to part two.

Chapter 4 introduces Chinese institutional contexts through its economic and policies for foreign direct investment (FDI), education system, family, *guanxi*, “face” issue and important elements in the new labor law.

In chapter 5, for each focal company, we investigate the transfer process for four specific HRM practices. The outline for each case study is composed of three parts, which are general introduction of the company, reproduction and adaptation of HRM practices in China.

Chapter 6 moves to discuss some empirical evidence that is closely related to our research framework. We first summarize the findings on the four specific HRM practices. Then, we analyze the evidence through three contexts. From the country-level observation, our research highlights that organization learning on the cultural differences can ease the transfer process. Afterwards, the relationship between transfer and institutional interactions is explained. We detail how managers invoke institutional factors

when the practices are transferred from headquarter to their Chinese subsidiaries. Organization-level observation also identifies the impacts of entry modes towards the transfer of HRM practices. Then, individual-level observation discusses the roles of expatriates in the transfer process.

CHAPTER 4

CHINESE INSTITUTIONAL CONTEXTS

This chapter describes some main features of Chinese institutional contexts. China is an emerging market. Fast economic growth and frequent change are the major characteristics of China. It is important to note that a lot of institutional factors can affect the international transfer process, such as China's entry into WTO, the evolution of Chinese labor law, state-owned companies, local protections from central government, China western development, etc. In order to provide an overview of Chinese institutional environment while highlight the institutional interactions that have been frequently mentioned by the informants, we focus on the following four institutional contexts.

4.1 Chinese economic and new guidelines for FDI

Since the reform and open policy in 1978, China has become one of the promising emerging markets in the world. There are a lot of reasons pushing MNCs to invest in China. For instance, China is home to more than 20% of the world's population and China's economic development is strong. In the near future, the market sentiment towards China still remains positive due to the greater openness and competitiveness (e.g., more MNCs operate business in China, transformation of state-owned companies, legislation system is supposed to become more and more transparent and applicable, etc.). Hence, MNCs are eager to expand the business to Chinese market. For instance, France is one of the top 13 investors in

China as of 2010 (see table 2). Among the European countries, France is the top 4 investors in China, placing after Germany, the United Kingdom and the Netherlands.

Table 2: Top 13 investors in China as of 2010 (Unit: US\$ 100 million)

Country/Region	No. of Project	Share %	Realized FDI Value	Share %
Total	710747	100	11078.58	100
Hong Kong	322391	45.36	4562.12	41.18
Virgin Islands	20943	2.95	1118.46	10.10
Japan	44163	6.21	735.65	6.64
U.S.A	59642	8.39	652.23	5.89
Taiwan Province	83133	11.70	520.16	4.70
R.O.K	52172	7.34	473.03	4.27
Singapore	18793	2.64	468.59	4.23
Cayman Islands	2613	0.37	215.88	1.95
Germany	6943	0.98	171.82	1.55
U.K.	6749	0.95	170.84	1.54
Samoa	6121	0.86	161.08	1.45
the Netherlands	2508	0.35	109.17	0.99
France	4121	0.58	107.50	0.97

Source: Ministry of commerce of the people's republic of China, 31/01/2012, http://www.fdi.gov.cn/pub/FDI_EN/Statistics

As previously mentioned, a foreign company has different options to operate business in China, for instance, representative office, trade, joint venture, wholly owned subsidiary, etc. Although joint ventures allow MNCs to get fast access to local market and lower the investment risk, they have not become the most widespread form in China. According to the statistics (2010) published by the ministry of commerce of the people's republic of China, 55.06% of foreign investment is in the form of wholly owned enterprise (see table 3). Equity joint venture places afterwards, which accounts for 29.29%. To some extent, these figures reveal that despite potential advantages of joint ventures, there exist

operational difficulties in integrating the foreign partner and Chinese partner together. Many joint ventures are taken over or converted to wholly owned subsidiaries or halted in the end. For example, one of the informants from transportation sector (case 7) stated that they have switched the joint ventures to wholly owned subsidiary once the Chinese regulations allowed them to do so.

Table 3: Statistics of cumulative FDI by entry mode as of 2010 (Unit: US\$ 100 million)

Form	No. of Projects	Share %	Realized FDI Value	Share %
Total	710747	100	11078.58	100
Equity Joint Venture	292154	41.11	3245.47	29.29
Contractual Joint Venture	59856	8.42	1005.20	9.07
Wholly Foreign-owned Enterprise	358053	50.38	6099.83	55.06
FDI Shareholding Inc.	355	0.05	77.23	0.70
Joint Exploration	191	0.03	75.07	0.68
Others	138	0.02	575.78	5.20

Source: Ministry of commerce of the people's republic of China, 31/01/2012, http://www.fdi.gov.cn/pub/FDI_EN/Statistics

In the new version of foreign direct investment (FDI) industry guidelines (2011), the Chinese government continues to encourage foreign companies to invest in advanced manufacturing, service industry and certain businesses concerning energy conservation, advanced technology, renewable sources, new materials and advanced-equipment manufacturing. Foreign companies investing capitals in these industries can receive incentives from the Chinese government. However, besides subsidies and attractive investment policies, the Chinese government continues to place regulatory restrictions to the investors. For example, The Chinese government only allows foreign companies to own no more than 50% of the shares in certain industries (e.g. energy sector) in some specific locations (e.g., central China). This limitation forces the MNCs to choose joint ventures. In some joint ventures, the Chinese

government will even choose the partner(s) for MNCs (e.g., insurance sector).

4.2 Confucianism, family, *guanxi* and “face” issue

Chinese society is greatly influenced by Confucianism. Chen and Wilson (2003) state that the major concerns of Confucianism are harmonious interpersonal relationships, a sense of respecting seniority and intellectuals, collectivism, the importance of family, education and obedience to authority. It is true that Chinese people tend to be family-oriented. Father or the eldest son makes decision for the whole family. There is a strong relationship among the family members. Chinese people prefer to work either in big cities or their hometown, where they can take care of their families and benefit the local networks.

As a born product of family orientation and embedded in the Confucianism concerns, *guanxi* lies at the heart of Chinese society, from business to politics, from family to friends and also to social connections. In Chinese, *guan* means “gate” and *xi* means “links”. The concept thus means a gateway or connection between two people who have a mutual link with each other. *Guanxi* is just a kind of social connections or networks, which is among the most important phenomena in China (Gold, Guthrie and Wank, 2002). To some extent, the legal system in China is relatively weak while *guanxi* among individuals is strong.

For example, *guanxi* can help a Chinese to get a good job. This is especially the case regarding the recruitment in state-owned companies. When MNCs form a joint venture with Chinese companies, in particular with state-owned companies, MNCs have difficulties in setting up the transparent staffing system locally. As a case in hand, C4 is a French insurance company, which formed a joint venture with one Chinese state-owned company. The informant mentioned that the recruitment in this joint venture is relationship-oriented. The staffing practice shows nepotism. Some employees are recruited with favoritism regardless of merit. These employees do not even meet the recruitment condition but they work at C4 China. There is a consensus about these exceptions. These employees either have the family

connections with some key persons in the company or the manager has a preference towards him/her. Simply speaking, the staffing practice is not competency-based while the French partner has strongly requested on this point.

Another example is related to annual performance review practice. On the one hand, the tendency for Chinese managers is to hold benevolent leadership and keep harmonious interpersonal relationships with colleagues. For instance, Chinese managers will feel uncomfortable if they have to give negative comments to colleagues regarding their poor performance. Therefore, companies often achieve so-so results because the performance review is not implemented appropriately. On the other hand, Chinese strive to save “face”, for themselves and others. Negative performance feedback will cause employees a loss of “face”. Employees will therefore bring in negative attitudes to the jobs. In consequence, it is a delicate exercise for managers, especially the foreign expatriates, to balance the need of driving high performance while maintaining employees’ “face” during a performance review.

4.3 Chinese education system

China, especially the eastern part has developed rapidly in the past 10 years. In 1986, China adopted the compulsory nine-year basic education. In 2006, China advanced its basic education from paid tuitions to free education, including textbooks and free courses. In China, children begin their pre-school education from 3 years old to 6 years old. It takes 6 years to complete the primary school education and 3 years more in middle school. After that, some students attend secondary technical school or continue to take 3-year more in high school. The higher education in China covers bachelor degree (4 years), master degree (2 to 3 years) and doctorate degree (3 years).

Obviously, Chinese education system differs from the French one. For instance, Chinese education encourages repetition and considers collectivism as a good personal characteristic. This is in line with

Chinese culture which argues for collectivism and values high power distance. Take Chinese writing system as an example, there are nearly 50,000 Chinese characters and the method of repetition works well to memorize the vocabularies. Chinese people are used to following instructions and repeating tasks. Comparing with the Chinese education system, French system welcomes brain storms and encourages students to doubt on what they read and see. French employees tend to be individualistic and more open to conflict as well as questioning.

Furthermore, Chinese education system ingrains the culture of pursuing advancement in school and professional life. In China, students seldom doubt teachers' ideas. They are used to following instructions. The relationship is hierarchical rather than equal. Meanwhile, parents and schools play a great role in pressuring the children to work both at school and at home. Driven by parents' expectation, pressures from the society and the one-child policy, Chinese children strive for academic excellence in the school. Afterwards, they continue to prove themselves to their family and peers. They are eager to develop themselves and make progress. Such an ambition leads to hard working Chinese employees and their favor of self-fulfillment. Since China has a booming economy, there are a lot of job opportunities in this emerging market. Employees' high expectations towards the job can therefore boost the pace of staff turnover in China, too.

4.4 New Chinese labour law

The updated labor law became effective on January 1st, 2008, which had put a lot of efforts to better regulate the Chinese contract employment system. Comparing the new labor law to the old one, the first big change is probationary period. The new labor law set a probation period provision to prevent employers from using long-term probation periods or multi probation periods. For example, if the contract covers more than 3 months but less than 1 year, the probation period should be less than 1

month. For contract covering more than 1 year but less than 3 years, the probation period should be less than 6 months. An employer can only stipulate one probation period with the same worker. In the meantime, the new labor law regulates the salary in the probation period which should not be less than 80% of the fixed salaries and (not be) lower than the minimum salary for the same post.

The second big change is the labor contract. According to the new labor law, all the employees must have written employment contracts and only the Chinese version is valid. Company cannot dismiss employees except it can provide the persuasive causes. After the initial contract term expires, employers must either re-sign the employee to a new contract or issue a written notice to announce the employment relationship is terminated. If the employee is working without a contract, employer is subject to pay double amount of monthly salary for the entire duration that the employee has worked “without a contract”.

The complex part in Chinese labor law is the five “insurances” (pension, medical, work-related injury, unemployment and maternity insurances) plus the housing fund. For example, an employer usually pays 20 % of an employee’s salary for the pension. However, it is possible to pay lower rate in some cities such as Shenzhen, Hangzhou, Ningbo and Zhongshan. Employees pay 8% of their salary for pension.

The current Chinese healthcare system has a weakness, which is: an employee can only get reimbursements when he/she visits the hospital in his/her administrative jurisdiction. If employees have illnesses in another city and they must see a doctor, the entire treatment fee will not be reimbursed. Hence, Chinese employees are less interested in working in the cities where healthcare system is less developed. In all, employees usually pay 2% of their salary for the medical insurance. An employer usually pays between 7 and 12% of salary but it is possible to pay lower rate in cities like Zhongshan.

Concerning the work-related injury insurance, an employer pays from 0.4% till 3% of salary, depending on location and degree of danger of business. Employees are free from this payment. For unemployment insurance, employer must provide the “termination of employment” document to the employee within 15 days of his/her release from the company. Employees usually pay 1% of their salary for the unemployment insurance but this policy is not applicable in a few cities like Shenzhen. An employer should pay 2 % of an employee’s salary for the unemployment insurance. But in most of the cases, in order to lower the cost, employers pay 1% and only 0.4% in Shenzhen. MNCs therefore feel confused towards such exceptions, which are not in line with the regulations but they exist in China.

An employer usually pays from 0.5 till 1% of the salary for maternity insurance, depending on company’s location. In Dongguan city, this law is not applicable. Employee is free from this payment.

Chinese housing fund is a special “made-in-China” product. This is a fund provided by the employer to help employees to buy a house or an apartment. The amount of housing fund varies among companies but between 7% and 13% of the employees’ salary. In China, it is difficult for young people to buy a house for housing rate is extremely high. People have to save money for several years in order to pay the down payment. Hence, offering housing fund becomes a tool for companies to attract and retain talents.

Table 4: The five “insurances” plus housing fund

Item	Employer	Employee	Note
Pension	20% (lower in a few cities)	8%	The five insurances and housing funds are paid on the basis of an employee’s salary.
Medical insurance	7-12% (lower in a few cities)	2%	
Work-related injury	0.4-3%	0	
Unemployment	2% (sometimes 1 % and 0.4% in Shenzhen)	1%	
Maternity	0.5-1% (0% in Dongguan)	0	
Housing fund	7-13%	0	

From table 4, one can see that the Chinese regulations are in flux. From one city to another, the regulations on five insurances and housing fund can be different. In such a case, MNCs have difficulties to adapt their global compensation & benefits strategy to local contexts or even understand such a system. Hence, the first task for MNCs is to fully investigate how regulations pertain to the sector and location that they seek to enter.

In China, employees enjoy 115 days off (104 days of weekends plus 11 public holidays). Moreover, employees have 5 to 15 days of paid annual leave. Table 5 and 8 provide the details of Chinese public holidays and additional holidays for some specific groups.

Table 5: Chinese official holidays

Date	Holiday	Duration (2008- now)	Duration (before 2008)
January 1st	New year	3 days	1 day
January 1st in Lunar calendar	Chinese new year	7 days	3 days
April 4th	Qingming festival	3 days	N/A
May 1st	Labor day	3 days	3 days
5th day of 5th lunar month	Dragon boat festival	3 days	N/A
15th day of 8th lunar month	Mid-autumn festival	3 days	N/A
October 1st	National day	3 days	3 days

Source: website, <http://www.china.org.cn/>, 12/06/2012

Table 6: Additional holidays for specific groups

Date	Holiday	Duration	Beneficial party
March 8th	International women's day	Half a day	Women
May 4th	Youth day	Half a day	Youth from the age of 14 to 28
June 1st	Children's day	1 day	Children below the age of 14
August 1st	Army day	Half a day	Military personnel in active service

Source: website, <http://www.china.org.cn/>, 12/06/2012

CHAPTER FOUR SUMMARY

Chapter 4 provides an overview on Chinese institutional contexts. For instance, Chinese economic, FDI regulations, Confucianism, the importance of family, *guanxi*, “face” issue, Chinese education system and some key points in new Chinese labor law are presented.

Subsequent chapter will mainly focus on eight French MNCs and their HRM practices in China. We are going to analyze each case individually in order to identify their transfer profile concerning the HRM practices. We try to identify the common points among the cases.

CHAPTER 5

DETAILED CASE STUDIES ON THE EIGHT FRENCH MNCS IN CHINA

In this chapter, we analyze eight French MNCs case by case to explain how they operate home-country HRM practices in China. To meet this end, reproduction of HRM practices and adaptation in China will be discussed in each case.

In order to meet the criteria of qualitative representativeness, we selected the sample from various industries and locations. The companies are from the following industries (see table 7): aviation, aerospace and defense, food-processing, insurance, energy, chemistry, transportation and electric. Five cases among eight are located in Beijing. The other companies are located in Shanghai. The informants are general managers and/or HR directors. We assume that they are familiar with headquarter's practices and lead the business in China. They can bring out the important ideas on how HRM practices are transferred across borders. The semi-structure interviews lasted between one and two hours. We transcribed the key statements of the interviews into reports and we coded them in key words. Besides studying the qualitative interviews, we also analyze additional data sources such as storyboards, global and local websites and internal documents provided by the informants.

All the companies have a long presence in China except C4. Seven cases have established their first wholly owned subsidiary and/or joint venture 17 years ago or more. C4 is an insurance company. The reason is that China opened its insurance market to foreign investors in 2005. In fact, C4 is the pioneer

of foreign companies in the Chinese insurance market. In the meantime, all the participating companies are wholly owned subsidiaries, except C4. The insurance industry is a highly-regulated market in China. Any foreign insurance investors can at maximum hold 50% of the shares in the joint venture.

Each case starts with a general introduction of the parent company and their Chinese subsidiaries. The main part of the case analysis is to identify how factors as culture, institutional interactions, entry modes and expatriates affect the transfer process between France and China. Hence, reproduction of HRM practices (recruitment, training, annual performance review plus compensation & benefits) in Chinese sites and necessary adaptations will be discussed in this part.

Table 7: Case introduction

Cases	Industry	EP/EM/LC	GM	HR	1 st Entry
C1	Aviation	90/1200 Beijing	French	*French	1994
C2	Aerospace and defense	60/800 Beijing	*French	*French	1996
C3	Food processing	7/6000 Shanghai	Chinese	*Chinese	1987
C4	Insurance	3/40 Beijing	*French	Chinese	2005
C5	Energy	85/458 Beijing	French	*Chinese	1980
C6	Chemistry	N/A/2500 Shanghai	French	*French	1991
C7	Transportation	123/5500 Shanghai	French	*Chinese	1989
C8	Electric	100/28000 Beijing	Chinese	*Chinese	1987

Note: Interviewees are anonymized. EP: expatriates' number in China. EM: employees' number in China. LC: location. GM: general manager. HR: Human resources manager. 1st Entry: first entry as WOS or JV in China. * means informants with whom we have conducted the interviews.

5.1 Case 1 Aviation industry

C1 is a global enterprise with 59,000 employees around the world. It has wholly owned subsidiaries in the United States, China, Japan and the Middle East, various engineering centers in Frankfurt,

Washington, Beijing, Singapore and so forth, training centers in Toulouse, Miami, Hamburg and Beijing plus more than 150 customer service offices around the world.

C1 entered into China 20 years ago. At that time, C1 only had a small office employing a couple of employees. Nowadays, C1 has around 1200 employees in China. Some of them are working in C1 wholly owned subsidiaries and some of them are working in the joint ventures. Table 8 provides the detailed information on C1's presence in China.

Table 8: C1 in China (Aviation industry)

Informant	Position in vice president HR director, female, French
Interview detail	June 21 st 2011 in Beijing, lasting for 90 minutes
Subsidiaries	6 business entities (2 wholly owned subsidiaries + 4 joint ventures) 2 wholly owned subsidiaries: Beijing and Tianjin Joint venture in Tianjin (C1 holds 51% of the shares) Joint venture in Beijing (C1 holds 70% of the shares) 2 nd joint venture in Beijing (C1 holds 50% of the shares) Joint venture in Ha Er Bin (C1 holds 20 % of the shares)
HR Profile	24 employees work in HRM department for all the C1 business entities in China 59,000 employees in the world and 1200 employees in China 90 expatriates in China (mainly from France, Germany, Spain and the United Kingdom)
HRM practices	Recruitment, training, performance evaluation, compensation & benefits, career development, expatriation, management of business partners

Reproduction of HRM practices at C1 China

MNCs like to exhibit symbolic elements of parent company in overseas subsidiaries. These symbols can provide individuals with the feeling of coherency and the very experience of working in a multinational

group (Kogut and Zander, 1996; Cayla and Penalosa, 2012). This is our first finding at C1 Beijing wholly owned subsidiary. Product designs, company logo, slogan and blue color are ubiquitous in the offices. Various aircrafts' models and extension products grace the desks of each employee. Posters of aircraft families are on the walls. Such quintessential settings are just one kind of reproduction of parent company in local contexts.

According to the informant, around 600 employees are working at C1 wholly owned subsidiaries in China. The others are working in joint ventures. All the expatriates are managed by C1 headquarter. Generally speaking, C1 has the same HRM system as that at headquarter for the two Chinese wholly owned subsidiaries. In the following quotation, Vice president HR director stated the reason why and how C1 realized such a high level of standardization in the area of human resource management.

Employees are looking forward to be treated the same as the others. For example, we have training funds for expatriates but this practice is not applicable in some subsidiaries, for instance China. Our Chinese employees that are assigned to work in Europe with expatriation contract do not like this exception.

We aim to make one C1 community. At the beginning, it was not easy. For example, we had two subsidiaries in China and each of them had different turnovers and various way of managing HR. We worked hard to harmonize the difference. Little by little, HRM practices become similar or same to each other. We are becoming one big family.

We have a global HR team to ensure HRM practices are shared in C1 worldwide companies. And my HR team members are currently working separately in each entity but we are actually all together, to ensure that we have one global company culture where everyone shares common values, behaviors, working ways, same HRM documents and forms.

Regarding the joint ventures, informant confirmed that C1 had few difficulties to transfer the HRM practices to the joint ventures in Tianjin and Beijing. These subsidiaries have authorized C1 to take charge of human resource management, where C1 owns more than 50% of the shares in the joint ventures. Thus, C1 successfully implements the same HRM practices as those in wholly owned subsidiaries. But C1 China plays a role as supporting and influencing the HRM practices indirectly in the joint venture, which is located in Ha Er Bin. For example, C1 HR team is not dealing with payroll, training & development plans for this joint venture. Everything is done by the local partner who holds 80% of the ownership. Nevertheless, informed by HR director, C1 is always working hard to set up a mutual relationship with the Ha Er Bin partner. For instance, they share HRM documents, from contracts to performance review form, from updated business model to practical HRM skills and so forth. Furthermore, they provide training courses to the HR team members from Ha Er Bin site. But still, there remain the issues of learning capacity and the willingness to change the existing system.

In Ha Er Bin, we have a lot of difficulties to find candidates who speak English. Sometimes, even though the team members can speak English but they do not have the necessary technology background and advanced HRM knowledge. In such a case, the practices cannot be implemented properly in the joint ventures. Moreover, they are reluctant to change their HRM system.

Do cultural differences hinder the implementation of home-country HRM practices in Chinese subsidiaries? Informant confirmed that they did not come across problems concerning the cultural differences in the wholly owned subsidiaries. The possible explanation was that C1 had a relatively long presence in China (e.g., the first JV was established 19 years ago). Through the past experiences and ongoing market learning, it is possible to overcome cultural differences. Hence, for C1, cultural

differences are not the main impediments to hinder the transfer of standardized HRM practices to Chinese subsidiaries.

With the powerful employer image and being a stable, consolidated and sustainable organization, C1 remains attractive among the university students and graduates. Staffing is not a difficult task for C1China. According to the informant, except the joint venture in Ha Er Bin, there is a high involvement of parent company towards the recruitment practice in China. For instance, C1 has employees categorized. CEO is considered as category 1. Chairman in China refers to category 2. President is in category 3 and senior manager is in category 4. The HRM practices for these four-category-employees are totally centralized. Headquarter prepares their labor contracts, salary packages, training, etc. For the functional managers and employees, parent company establishes the job descriptions, general labor contracts for each position and C1 China is using the same recruitment tools as those at headquarter. What's more, parent company needs to verify and approve the candidate proposals for the functional managerial staff. Hence, broadly speaking, recruitment stays the same as those at headquarter.

Some employees at C1 are recruited by labor dispatching company. They work at C1 with labor contracts but their employer is a dispatching company. These employees are the so-called casual labors who are performing a variety of services on temporary, substitute or auxiliary positions in a company. In China, it is a normal phenomenon that many MNCs have a contract in place with a FESCO (Foreign Enterprise Service Company) for labor dispatching, payroll and/or additional services for Chinese employees, just as they do in home country with Manpower, Adecco, etc. Two main reasons push MNCs to use casual labors. On the one hand, China is developing so fast that MNCs have difficulties to estimate the recruitment quota for regular labor at the beginning of fiscal year. In such a case, Chinese subsidiaries should add posts and pay the casual labors through operation expenses on occasion. On the other hand, in the case of labor disputes, FESCO is responsible for negotiation, arbitration and/or

litigation. Many of these FESCO companies are state-owned and they are familiar with local arbitration and legislation process. To some extent, FESCO can lower the risks for MNCs. Hence, using casual labors is widely accepted by MNCs in China. Meanwhile, C1 must learn and adapt the contract terms to the Chinese labor law (e.g., working hours per week, compensation & benefits, contracts in the Chinese version). Table 9 summarizes the key aspects of recruitment practice at C1 China.

Table 9: Reproduction of recruitment practice at C1 China (Aviation industry)

Involvement of Parent company	Provide the recruitment quota Recruit top managers globally and send them to Chinese subsidiaries Verify and validate candidate proposals for functional managerial staff
Recruit managerial staff	By headquarter (e.g., CEO and general manager in Chinese subsidiaries) By local HRM department + approved by HRM department at headquarter
Recruit employees	By local HRM department
Job description	Standardized job descriptions within the group
Templates taken from parent company	Same selection criteria for managerial staff Similar selection criteria for other positions (80 % similarity) Internal recruitment (Employee referral) External recruitment (recruitment by campus; job fairs; head hunting; database search on job sites)
Templates from China	Policies and practices are adapted to local labor law: employment contract; Casual labors
Transfer methods	Documents Expatriates (General manager, HR director) Training at headquarter Inpatriates (e.g., international assignments) Flexpatriates (top managers come to visit Chinese subsidiaries) Annual HR meeting in France and frequent telephone and/or video meetings

Regarding training, C1 puts a lot of efforts to keep employees qualified and competent. A case in point is when C1 established the engineering center (joint venture) in Beijing in 2005. C1 firstly selected the engineers and then sent them to Europe for a training program. Afterwards, during 2006 and 2007, these engineers returned to China and formally started working there. Take Tianjin joint venture as another example, it was a huge challenge at that moment for C1 had to recruit 500 people in three years to work in Tianjin. The training practices are standardized in C1 worldwide companies, from training tools and templates to indicators for checking training performance and so forth. In all, the training tools that taken from headquarter include job training (videos, internal magazines and telepresence), training abroad (in France, Europe or other subsidiaries) and E-campus. In the following quotation, informant described how C1 China trains people.

We have employees who are sent on short term assignments to Europe for some specific projects. A lot of young engineers participate in this kind of training. We also have long-term assignments within the group among the different subsidiaries. This assignment lasts from 18 months till 3 years. The selected employees are considered as expatriates. We also have Chinese employees, who have labor contracts in China but they work in France or in the United Kingdom.

In fact, the training budget is considerable at C1. Each technical staff needs to undertake specific courses to obtain proper certifications, which take up a large proportion of C1's learning and development program. Given that those courses are mostly offered in Europe, Chinese technical staff should go to Europe to be trained on C1 standards. Hence, "travel, in C1's opinion, is an important aspect of learning and development programs". On the one hand, with a strong global presence in the aviation industry, C1 is able to provide substantial and constant budgets for the training programs. On the other hand, the

Chinese employees are keen learners. They are willing to learn the advanced skills and technologies. Hence, home-country training are warmly welcomed by Chinese employees.

The training approaches stay the same as those at headquarter. We have implemented the same training programs in our Beijing and Tianjin wholly owned subsidiaries. We consider training as one kind of benefits for employees and we deliver a lot of training each year. What impresses me a lot is the enthusiasm of the Chinese staff. They are really proud to work in our company and they are eager to learn new stuffs.

Regarding compensation and benefits, informant argues that “*this is the only practice that must be localized*”. Firstly, each market has its salary level, which is closely related to the country-specific economic level, industry salaries, living standards and so forth. For C1, the salary ranks at medium level in the industry. Secondly, regulations and rules put limitations on compensation & benefits packages. C1 HR team has worked hard to internationalize the contracts for staff across the Chinese subsidiaries but it is easier said than done. In the following quotation, one failure example on benefit practice is illustrated by the informant. This failure is related to the usage of casual labors.

Last year (in 2010) is C1 Beijing office’s 10-year-presence in China. Headquarter decided to offer each employee ten shares, which was a very nice idea. Some employees who are recruited directly by C1 China can be entitled to the shares. But there are casual labors that work at C1. According to Chinese labor law, the casual labors cannot get the shares because they are not C1’s direct employees... Well, I am not strong enough to say “we do not implement this practice” to headquarter and they do not understand why it is so difficult to implement such a

practice. There are a lot of details regarding specific regulations in China and it is hard to explain them all to headquarter. Therefore, we should on one hand, create parallel benefits which have the same value as the shares and ask for the permission from headquarter. On the other hand, we should create an extra team to deal with the documents in order to apply for approvals from the Chinese government and various local institutions. That is really a tough and time-consuming process.

As being discussed in the previous part, the employment of casual labors is one of the main employment modes in the Chinese labor market and it seems to be continued in the foreseeable future. However, being embedded in local institutional environment, C1 China is facing pressures on implementing the home-country practices. For some practices, C1 China has more difficulties in balancing the expectation from headquarter and local institutional limitations. To this end, the informant stated that compensation & benefits should be localized but under the general payment framework.

Compensation & benefits should be linked closely to the local market while respecting the company's global framework. For example, we pay heating fee for employees' personal usages at home in China but we cannot even dream of it in France. A lot of companies provide it and workers like this benefit. Another benefit we offer to employees is the housing fund... if we refuse to pay it, our company might be less attractive to candidates and employees.

Table 10: Reproduction of compensation & benefits practice at C1 China (Aviation industry)

Involvement of Parent company	Recommendation on bonus percentage and profit sharing Recommendation on salary package (basic salary + variable salary + bonus) Decide the annual budget Decide the compensation & benefits package for top managers and expatriates
Templates taken from parent company	Bonus system (quantitative indicators and qualitative indicators) Family day Disability income protection For expatriates: take-home vehicles or personal drivers, house or hotel stays, leisure activities on working time (golf, Chinese course, etc.), Christmas and three- week paid-off vacations, one round-trip ticket for visiting families per year
Templates from China	The five “insurances” Free canteen Overtime payment Free shuttle bus Termination reimbursement (amount equals to the last salary payment) Paid vacation leave and non-paid vacation leave Housing fund Heating fee reimbursement <i>Hukou</i> ² handling fee
Transfer methods	Documents Expatriates (General manager, HR director) Training at headquarter and/or international assignments Annual HR meeting in France and frequent telephone or video meetings

² Required by the Chinese law, a *hukou* is a household registration or resident permit to identify a person as a resident of an area.

Table 10 summarizes the reproduction of compensation & benefits practice at C1. One can see that C1's salary package is composed of basic salary, variable salary, 13th-month-payment and annual bonus. Employees can get access to the transparent and well documented calculation system. Regarding the benefits, employees have five insurances, heating fee and housing fund. At the same time, C1 not only offers the holidays on the basis of Chinese national holidays but provides supplemental paid-holidays (15 days in total). Moreover, employees can enjoy free shuttle bus service, free canteen and a family day. When employees are living far from their families, they are encouraged to get more days for visiting their families.

Practice like annual performance review is warmly welcome at C1's subsidiaries in China. According to the informant, employees cherish this interview for they have chances to discuss with their managers. In particular, employees enjoy the standardized performance evaluation procedure. For instance, most of the evaluation categories are kept in English version.

In summary, C1 is able to transfer the HRM practices that stem from headquarter to Chinese subsidiaries. The company has retained most of its HR practices in Chinese subsidiaries, making only minor adaptations in order to meet the requirements of the Chinese labor law. Through case study, we stressed the following points which contribute to such a smooth process.

First, C1 HRM strategy is to retain their global HRM standards in China, which is considered to help to merge Chinese operations into its global business. Hence, the international standard policies for staffing, training, performance evaluation, compensation & benefits are the selling points to attract candidates in C1. Chinese professionals are in favor for a truly international work environment because they suppose that learning the international standards can contribute to their career developments. Second, C1 has a highly integrated HR team (from headquarter to country level), making sure standardized HRM

practices are put in place. Third, sufficient communication is hold between headquarter and local subsidiaries. C1 organizes annual HR meeting in France and frequent HR staff telephones or video meetings to discuss and share practices. Meanwhile, parent company invests heavily in keeping management and communication skills at best-practice levels.

Furthermore, C1 offers international assignments to Chinese employees. Such career development opportunities can enrich employees' expertise and internal network, help them to better understand how headquarter operates the management practices as well as how to integrate headquarter and local operations together. Afterwards, these employees come back to China and perform like "expatriates" to transfer C1's values, cultures and management practices. They are the so-called inpatriates, who are Chinese employees and who have working experience/training at headquarter or in other subsidiaries in other countries. Be noted that C1 has 90 expatriates working in China. They are either working in management positions or technical ones. Most of the expatriates are from France, German, Spain and the United Kingdom.

Their (expatriates) presences can ensure the adoptions of practices that stem from headquarter.

They can help to explain how practices work and apply them to their departments properly.

Adaptation of HRM practices at C1 China

Generally speaking, in the case of C1, most of the HRM practices can keep their original versions when they are implemented in Chinese subsidiaries. Parent company has high involvements in the transfer process. However, some adaptations according to Chinese institutional contexts are necessary. For example, the terms and conditions in the contract; the compensation & benefits practices should be linked to the local market and so forth. Furthermore, it takes time to create one culture across all the

entities in China, especially for the case of joint venture in Ha Er Bin. In all, C1 China aims to align the local HRM practices with international standards while taking localization into consideration. Interestingly, we found that C1 China has its official website only in the Chinese version, which is a good representation of C1's slogan "thinking global and acting local". Table 11 summarizes the effects of impacting factors towards the transfer of HRM practices and the necessary adaptations at C1 China.

Table 11: Transfer of HRM practices at C1 (Aviation industry)

Items	Recruitment	Training	Compensation & benefits	Performance
Foreign template	Yes	Yes	Partially	Yes
Local template	Partially	No	Partially	No
Cultural difference	Cultural difference is moderated through constant market learning.			
Institutional factors	Institutional misfits lead to transfer restraints; adaptation is necessary.			
Entry modes	Parent company templates exist more in WOSs than JVs.			
Expatriates	Strategic functions are occupied by French expatriates.			

Note: For general manager and expatriates, their salary packages are decided by headquarter.

5.2 Case 2 Aerospace and defense industry

C2 is a leading international high-technology group with the core businesses in aerospace and defense. 60,000 employees are working for C2 in the world and the sales revenue is around 11 billion Euros in 2011. Various prestigious brands belong to C2 group. In 1989, C2 set up its first representative office in Beijing. Nowadays, C2 has 800 employees and 17 subsidiaries in China, including nine wholly owned subsidiaries and eight joint ventures. Since 2010, C2 set up the wholly owned subsidiary in Beijing in which we conducted the interview. The main purpose of this subsidiary is to assist all the group companies in their business development regarding the Chinese market. For example, C2 China provides consultancies on how to do business in China. In the area of human resource management, C2

China is responsible for expatriation and repatriation management. Till the end of year 2011, there were 60 expatriates work in China. Meanwhile, C2 China is in charge of recruiting managerial staff for the subsidiaries in China. In general, each subsidiary is authorized to operate HRM practices on their own but strictly under the framework of C2. C2 China plays a role of controlling and coordinating all the Chinese entities. Table 12 provides an overview of C2 in China.

Table 12: C2 in China (Aerospace and defense industry)

Informants	1 st informant – position in vice president HR director, male, French 2 nd informant – position in general manager in one branch, male, French
Interview details	With 1 st informant - June 23 rd 2011 in Beijing, lasting for 130 minutes With 2 nd informant - June 23 rd 2011 in Beijing, lasting for 70 minutes
Subsidiaries	17 business entities (10 wholly owned subsidiaries + 7 joint ventures) 2 WOSs in Beijing, 2 WOSs in Suzhou, WOS in Tianjin, WOS in Shanghai 4 Branches: Shanghai, Xi'an, Tianjin and Wuhan 7 JVs: Guizhou, Beijing, Xi'an, Suzhou, Shanghai, 2 JVs in Sichuan
HR Profile	3 employees work in HRM department for C2 Beijing management enterprise (WOS) 60,000 employees in the world and 800 employees in China 60 expatriates in China (mainly from France and most of them are technical staff)
HRM practices	Expatriation and repatriation management, back office for all the Chinese subsidiaries

Reproduction of HRM practices at C2 China

Regarding the recruitment practice, the involvement of parent company rests in providing the framework to the various brands and authorizing subsidiaries to do staffing on their own. In the following quotation, HR director explained why C2 prefers to have a standard HRM framework and how C2 control and coordinate each Chinese subsidiary.

In order to increase the consistency within the group and let employees enjoy job mobility, we retain most of the HR policies in China. HRM department at headquarter sets up the policies and framework for common HRM practices within the group, namely recruitment, training and career development, compensation & benefits and performance evaluation.

However, in China, we frequently find the regulation inconsistencies. For example, from Beijing to Shanghai, from Shanghai to Guangzhou, the policies and procedures have some differences. We have made adaptations in order to meet the requirements of Chinese labor law and local government restrictions. In all, no HR policy can be simply transferred to China without some degrees of alterations. Therefore, the recruitment tools and procedures are localized. We authorize each subsidiary to make HRM decisions but they should explain to headquarter how practices work and keep them documented. At the same time, headquarter will send top managers to visit Chinese subsidiaries. We consider this as the autonomy among the brands in the area of empowerment and localization.

Table 13 provides an overview of recruitment practice at C2 China. Given that the production process is long-term orientated (e.g., twenty-year-project) and imperatively confidential, C2 is in favor of stable employees and warmly welcomes fixed-term contracts (in French: CDD, *contrat à durée déterminée*). However, under Chinese labor law, a company can only sign a two-year-contract with an employee for the first employment. Meanwhile, C2 points out that Chinese employees are not in favor of geographical mobility. Family ties and cultural obligations to take care of parents may cause candidates to give up the job offers in the cities which are far from their families.

Table 13: Reproduction of recruitment practice at C2 China (Aerospace and defense industry)

Involvement of Parent company	Provide recruitment framework
Recruitment for managerial staff	Executives and expatriates are recruited by headquarter in France Functional managers are recruited by local HRM department
Recruitment for employees	By local HRM department
Job description	Subsidiaries develop job descriptions based on the standard HRM framework
Templates taken from parent company	Internal recruitment Present permanent or temporary employees Retired employees Dependents of deceased disabled, retired and present employees External recruitment Recruitment by campus (main tool used at C2 China) Recruitment agency: head hunting Database search on job sites Employee referral Recruitment of disable people Recruitment of women Copyrights, non-competition clauses
Templates taken from China	Policies and practices adapted to local labor law: probation length, employment contract, termination, compensation & benefits, casual employees
Transfer methods	Expatriates (general manager and HR director) Recruitment documents Training (on-work, short-term trip at headquarter) International assignments and inpatriates Meetings (annual meeting in France, frequent video and telephone meetings) Flexpatriates: top managers' visits to Chinese entities

In particular and interestingly, C2 has a proactive policy towards the senior people. According to the informant, senior people are considered to be one of the good liens to transfer knowledge and skills to younger generations. Hence, 32% of employees at C2 in France are 50-year-old or more. A group-wide agreement on the employment of senior staff was signed in 2010, for a period of three years. The main provisions of the senior employment agreement are threefold. First, commitments to non-discrimination due to age in terms of recruitment, access to training, salary and career development. Second, provide seniority people with the opportunities to undertake professional or humanitarian projects, which can last up to six months along with financial aids from company and they can keep their posts until they come back. Third, if the senior people have worked at C2 for more than 10 years, they can enjoy a contract of working four days per week with 90% of their payments for 18 months or 24 months. Even though the employees are relatively young at C2 China, HR director stressed that this practice is implemented in China in order to meet the future need and improve the employees' loyalties.

As we have mentioned in table 13, C2 mainly recruits Chinese candidates from top Chinese universities or "*Grande Écoles*" in France. This is a practice considered to be efficient. Therefore, it is transferred from headquarter to Chinese subsidiaries. However, such a restriction on the label of "*Grande Écoles*" isolates the employees from other schools. In consequence, employees from diverse education backgrounds do not widely work at C2.

Each year, headquarter organizes a special group-wide forum, which is reserved for the newly-promoted management staff. Employees can learn all about the group during this forum, from the group's business, professions to strategies and so forth. Each session is interactive, offering panel discussions, quiz, videos, employee testimonials, etc. Employees appreciate such a forum, where they are able to exchange with other employees, establish networks with the colleagues from other subsidiaries in other countries,

recognize all the business entities and figure out the opportunity of job mobility within the group. The following quotations show the positive effects of training practice as “C2 day”.

“Thanks to this training, we now know our group a lot better.” (Employee 1)

“It is a wonderful opportunity to meet each other in friendly surroundings”. (Employee 2)

“I am leaving with a deeper understanding of C2” (Employee 3).

“I am proud to work at C2” (Employee 4).

In our research, we consider that such a group-wide forum provides a great process for transmitting the corporate culture and values to the managerial staff and foster the synergies to knowledge transfer. Managers, in consequence, are highly motivated and integrated in such a sympathy environment. Furthermore, C2 also organizes a welcome coffee in the local team. New employees are accompanied by their immediate supervisor or a HR member to visit the company. These efforts are to get employees involved in the group. Job mobility is highly encouraged at C2. Highlighted by the informant, internal mobility can foster the development of competence through sharing experiences, discovering the new environment and cultural mixing. In all, training practice is standardized at C2.

Concerning compensation and benefits, both informants stated that Chinese professionals have strong ambitions. They look high on career development instead of salary itself. In particular, the young candidates are eager to be empowered to make some decisions and they pay attention to work environment. In general, informant stated that the payment at C2 China was closely linked to the market and they provided various benefits to attract and retain the talents (e.g., high investment in training, housing fund). Table 14 summarizes the key aspects of compensation & benefits practices at C2 China.

Table 14: Reproduction of compensation & benefits practice at C2 China (Aerospace and defense industry)

Involvement of Parent company	Recommendation on bonus percentage and profit sharing Recommendation on salary package (basic salary + variable salary + bonus) Decide the annual budget Decide the compensation & benefits package for top managers and expatriates
Templates taken from parent company	Bonus system (quantitative indicators and/or qualitative indicators) For expatriates: take-home vehicles or personal drivers, house or hotel stays, Chinese courses, three weeks' paid-off vacations, Christmas, round-trip tickets for visiting families
Templates different from parent company	The five "insurances" Free canteen Overtime payment Termination reimbursement (amount equals to the last salary payment) Paid vacation leave and non-paid vacation leave (this benefit is applicable differently in various brands) Housing fund Heating fee reimbursement (benefit is offered for WOS in Beijing)
Transfer methods	Expatriates (general manager and HR director) Documents Training (on-work, short-term trips at headquarter) Meetings (annual meeting in France, frequent video and telephone meeting) Flexpatriates: top managers' visits to Chinese subsidiaries

Emphasized by the general manager from Beijing branch, cultural differences play important roles in explaining the behavior of Chinese employees. For instance, "face" issue exists in the area of promotion. One problem that the informant (general manager) came across in China is promoting one person in the subsidiaries can cause some potential talents who are not promoted to "lose face". In China, people are used to measuring themselves by comparing with others. Hence, at C2 China, they try to combine

several promotions to be offered simultaneously, so that the talents get promoted at the same time. Meanwhile, “face” issue also exists in the area of annual performance evaluation.

We know Chinese people take care of “face” issue. In France, we can discuss with the employees directly if they have poor performance. The French people are relatively cool towards negative comments. In China, we start to adopt annual performance interview this year (in 2011). We adapt our evaluation process on the basis of Chinese culture. We have guidelines for performance evaluation, which stays similar to the one at headquarter. But in China, we use percentage to describe the employees’ performance and their goals’ realization level. We avoid telling the Chinese employees that they are not qualified. We prefer to discuss with them their further development area, where exists their weaknesses.

Another case in hand is the job title. Chinese employees pay attention to their job titles, which can represent their status in the company. They prefer the titles that sound important for the company and portray “good social positions”. Hence, on a business card, C2 China keeps using standardized group-wide titles for the English version. However, C2 China adopts an adapted title for the Chinese side. For instance, a business card mentions “marketing manager” in the English version but “marketing manager for mainland China” in the Chinese version.

What’s more, Chinese employees tend to consider their supervisor or manager as a reference and they seldom comment on managers’ decisions. Therefore, Chinese employees seldom say “no” to their managers if they have other alternatives. At the same time, Chinese managers are not comfortable with negative comments. Language is a special mode of culture. Expatriates at C2 are offered Chinese courses. But both informants stressed that it was too difficult to learn Chinese. Besides the “face” issue

and the difficult language, the family concept plays an important role in China. Chinese people prefer to work in big cities or the cities near their hometowns. In such a case, C2 prefers to recruit candidates locally.

Adaptation of HRM practices at C2 China

In all, C2 has a HRM framework for its global operation. Each subsidiary is authorized to operate HRM practices on their own but all the practices should strictly respect the framework. The practices of recruitment and training are transferred from headquarter in France to Chinese subsidiaries. However, annual performance review is adapted to local contexts due to the cultural differences (e.g., “face” issue). Institutional restrictions are mainly represented in the area of contract terms and the Chinese labor law. C2 has all types of joint ventures but most of them are established on a base of 50-50 %. As it is confirmed by both informants, HRM practices in subsidiaries are similar to those at headquarter. It is easier to transfer home-country HRM practices in joint ventures when the general manager is French. The reason is that speaking the same language as that at headquarter can facilitate the decision-making on transfer of management practices. When using a third language, the efficiency is low and there is information asymmetry.

There is a close follow-up from the side of C2 headquarter. For instance, parent company organizes HRM department telephone/video meetings and sends top managers to visit Chinese subsidiaries. In the meanwhile, there is an E-platform for exchanging the updates among the subsidiaries, including the information on available candidates, difficulties, solutions, etc. In order to get a higher consistency within the group and ensure the management practices are in line with C2’s framework, C2 also sends expatriates to work in China. For example, the informants (general manager and HR director) are French. They serve as bridges for the transfer of home-country HRM framework. Table 15 summarizes the

effects of various factors towards the transfer of HRM practices at C2.

Table 15: Transfer of HRM practices at C2 (Aerospace and defense industry)

Items	Recruitment	Training	Compensation & benefits	Performance
Foreign template	Partially	Yes	Partially	Partially
Local template	Yes	No	Yes	Yes
Cultural difference	Cultural differences affect the transfer process. Adaption is necessary.			
Institutional factors	Due to the regulation inconsistencies, C2 authorizes subsidiaries to implement HRM practices on their own while respecting the home-country framework.			
Entry modes	It is easier to transfer HRM practices to wholly owned subsidiaries or when the joint ventures have a French general manager.			
Expatriates	Strategic positions are occupied by French expatriates (e.g., general manager). They are the practice carriers, controllers and coordinators in Chinese subsidiaries.			

5.3 Case 3 Food processing industry

C3 is a French food company employing more than 100,000 employees. According to the annual report in 2011, Asia represented 15% of the group sales. China and Indonesia are two main markets for C3. In the near future, these two emerging markets are still the growth focus and strategic development countries for the group. Since 1980s, C3 has been invested in China and the main expansion strategy for C3 China is through joint ventures. Today, C3 has 4 main product lines (here, we use A, B, C and D to represent specific product names) in China, around 22 production plants and employs 6,000 people. Given that China is a rapid growing market, C3 has relocated the regional headquarter to Shanghai. Table 16 provides an overview of C3's operations in China.

Table 16: C3 in China (Food processing industry)

Informant	Position in HR director, female, Chinese
Interview detail	June 17 th 2011 in Shanghai, lasting for 90 minutes
Subsidiaries	Business line A: 5 WOSs + 1 JV (51%) Business line B: 1 WOS + 1 JV (92%) Business line C: 1 WOS Business line D: 3 WOSs
HR Profile	6,000 employees, 60 HR players, 7 French expatriates
HRM practices	Recruitment, training, performance evaluation, compensation & benefits, career development, relationship management, proximity management

Reproduction of HRM practices at C3 China

Over time, C3 has adopted an expansion strategy through joint ventures plus mergers and acquisitions, particularly in the fast growing emerging markets. However, such a strategy does not work well for C3 China. For instance, C3 had disputes with two Chinese companies and C3 divested its stake by selling it to the Chinese shareholders in the end. Recently, C3 has just closed one joint venture in Shanghai. In fact, this is a French company with extensive internationalization experiences and it had devoted an enormous amount of resources to understanding the Chinese market. Hence, it is quite difficult to understand why C3 cannot succeed in China. Through the interview, we began to recognize the difficulties that C3 came across in China.

In general, the first difficulty is attributed to the increasing market competitiveness and higher production costs in China in food processing. Since the year 2007, foreign companies have been required to pay the same rate of income tax as Chinese companies. From December 2010, foreign companies should pay urban maintenance and construction tax. Given that C3 benefices less and less preferential policies, it has been hard for them to build new plants to expand their production capacities.

Second, Chinese food market is under well-structured. The regulations on copyright, unfair competition, trademark and patents are not yet well developed. C3's competitive advantage in products' research & development cannot be well protected in China. The third difficulty rests in the form of joint venture and the partnership. Due to the consideration of protecting national brand, the Chinese government limits foreign companies' accesses to Chinese food industry. For instance, C3 is obligated to form joint ventures at the early stage of entering in Chinese market. The Chinese partners are strong players in local food industry, but both parties have different expectations towards the cooperation. Furthermore, their mindsets and management styles share rare commons. Such differences lead to conflicts and problems in partnerships. The impact of differences in HRM is more problematic. In the following quotation, informant described the real situation of HRM practices in the joint ventures.

We share HRM practices with the Chinese partners. But there exists a big problem -- the issue of mindset gap. As you known, the Chinese companies are relatively young comparing to C3. Most of our partners grow from family business. It is normal that father or the eldest son in the family makes the strategic decision and they are used to hierarchical structure. Hence, the entrepreneurships are less open-minded towards the management practices from outsiders. It seems like they keep resistance from any change. We cannot implement our practices in the joint ventures as we do for the wholly owned subsidiaries. If it is possible, do not "marry" with joint ventures. Wholly owned subsidiaries are more easily to manage. For instance, we have implemented the home-country HRM practices in our Chinese wholly owned subsidiaries. Thanks to the standardized HRM system, all the employees can enjoy the free mobility within the group and enjoy a wider career path.

According to the informant, the rate of employee commitment in 2011 is 85%, which is superior to the average rate of large companies in the same sector (78%). Meanwhile, employees also show their sentiments to work at C3 (93%) (Data is taken from C3 annual report, 2011). Through the interview and additional data, we found that C3 has made great efforts to keep employees' loyalty. They have diversified HRM tools to motivate employees and get them involved, which are essential to ensure the transfer of the management practices from the headquarter to Chinese subsidiaries.

Table 17: Reproduction of recruitment practice at C3 China (Food processing industry)

Involvement of parent company	Provide the recruitment quota International business game Recruitment policies, categories, forms
Recruitment for managerial staff	By headquarter (e.g. executives and expatriates) By local HRM department + approval by headquarter (e.g., functional directors) By local HRM department (e.g., functional managers)
Recruitment for employees	By local HRM department
Job description	Standardized job descriptions within the MNC
Templates taken from parent company	Same selection criteria International business game Internal recruitment: filling 80% of vacancies in-house. External recruitment (mainly through campus recruitment, business game, head hunting, database search on job sites)
Templates from China	Policies and practices must be adapted to local labor law (e.g., probation length, termination, compensation and benefits, etc.), casual workers
Transfer methods	Recruitment documents Training (on-work, E-campus, intranet) Inpatriates (general manager, HR director)

In the area of recruitment practice, the policy and tools are shared within the group. All the wholly owned subsidiaries adopt the same recruitment criteria. For instance, C3 organizes an international business game to recruit candidates and promote the company. Students from all over the world are invited to provide creative solutions to case studies based on C3's real business world, from business growth, sustainable development to problem-solving and so forth. Along the way, students develop a deeper understanding towards C3 business philosophy and the winners are recruited by C3.

This practice is proved to have the following advantages. First, this practice can benefit the whole group for all the subsidiaries can receive candidates from this game. Second, C3 promotes its "employer image" and students develop the feeling of involvement towards C3 through different stages of the business game. Besides recruiting the fresh graduates, C3 highly welcome internal recruitment. For instance, C3 targets to fill 80% of vacancies within the group. The same issue as Case 1 and Case 2, some casual labors are working at C3 China, whose employer is a third-party company (equivalent to a temporary work agency). An overview of recruitment practice at C3 China is summarized in table 17.

People growth is an integrated part of C3 strategy. The training tools at C3 are mainly composed of the "learning by C3" program, C3 Leadership College, coach, E-campus, job rotation and networking attitude program. According to the internal report (2011), 99.6 % of the employees have followed training in 2011. The average training hours for each employee was 31 hours in 2010. Interestingly, C3 provides French course in Chinese subsidiaries, too.

On average, C3 employees stay in the same post for three years. Career paths are put in place to provide each employee with the opportunity to hold various posts in the global space. In China, a personalized three-year plan is drawn up for each new manager to lay out his/her professional career development within the group. Talents are offered 18-month training programs that prepare them for management positions. For example, the informant had worked at headquarter for 18 months. Such "expatriation

training” was to prepare her to be promoted as HR director in China afterwards. According to the informant, during the 18-month-expatriation, she learned French and how management practices worked at headquarter, in particular the global HR policies and practices, and helped formalizing HRM strategies for Asian operations.

Knowledge sharing is also one kind of training at C3. Instead of top-down approach, C3 encourages subsidiaries to learn from each other. Since 2002, C3 has developed the “networking attitude” program, which encourages managers from different subsidiaries to share good practices directly with one another. Events and meetings are the main forms for network establishment. Progressively, networking in C3 has been enhanced by “learning expeditions” through immersions in other companies within the group. Through this practice, a manager is able to see whether other colleagues in other companies have developed the solutions to whatever problem he or she faces, and discuss with them the solutions they implemented.

Another example of networking is “marketplace”. Parent company mimics a real-life market of “solutions” in different country each year. Subsidiaries thus get chance to introduce their projects deploying internally and to get fresh ideas from external colleagues to improve themselves. Hence, in the marketplace, each subsidiary can be the givers, who have good practices. At the same time, subsidiary can be the takers, who need to learn from others. Around 9000 managers from all over the world participate in this practices “market”. Subsidiaries therefore are getting used to sharing good practices, building solutions together and motivating themselves to develop new tools. Transfer of practices becomes a cultural attitude in the group.

I took part in a networking session. All the wholly owned subsidiaries presented their projects in progress and we could come up with ideas to improve them. Even the ideas cannot be taken

on board as a whole but they can bring in the inspiration. Sometimes, we get too involved in a project and fresh ideas from outsider can help us to think the project in another way. Last but not least, the networking session was an opportunity to meet colleagues from all over the world and establish the network. (Position in managing director, export division, male, Chinese)

In our research, we consider training practices at C3 are innovative. Employees are eager to learn from each other and share their best practices. As it is known, problems existing in the business may appear in various moment in different entities. Sometimes, a problem existing in China may also appear in Indian subsidiaries. In consequence, why wasting time to look for solutions when a good practice has already been tried and tested in another subsidiary? “Know-how” has traveled in this way at C3 from one subsidiary and one country to another, without necessarily passing through the traditional hierarchical channels. Once the successful examples are accumulated to a certain level, the practices can be found in the entire group’s business area. According to the internal document provided by the informant, more or less 1000 good practices have been presented during the last five years.

Concerning the annual performance review, Chinese wholly owned subsidiaries adopt the same criteria to evaluate employees’ performance. However, it is not easy to implement this practice at the beginning. The following quotation described what kinds of difficulties C3 China came across and how they had overcome the problems.

At the beginning, Chinese employees were not used to be evaluated. They were very sensitive to any comment, especially the negative ones. This was not surprising. Performance feedback as underperformance will certainly cause employees to lose “face”.

Our HR team had made a lot of efforts to implement this practice. For example, we introduced this practice through meetings and documents progressively. We emphasized the importance of performance review, which is to design a broader career path on the basis of current working capacity. In particular, we linked performance review to career development. Furthermore, we provided examples to prove our arguments. At that time, we had an expatriate who were popular in a Chinese subsidiary. In fact, he was assigned to work in China because it was his will. Meanwhile, we provide training to managers on communication skills.

Little by little and impressed by the successful examples, employees realize that this practice is an opportunity to express their needs and expectations. They know that concrete actions will be put in place based on their willingness. And transfer of annual performance-evaluation is a progressing process. It took time for employees to accept it. However, once employees get used to it, things become easier.

Refer to compensation & benefits (see table 18), the informant stated that it was necessary to link salary package to local standards. Headquarter sets the salary level which ranks medium in China and payment categories. In general, the salary package at C3 includes a fixed element (40% of the total salary) and a variable one (60% of the salary). The variable salary is mainly based on individual performance and subsidiary's performance. Table 18 summarizes the key aspects of compensation & benefits at C3 China.

Table 18: Reproduction of compensation & benefits practice at C3 China (Food processing industry)

Involvement of Parent company	<p>Payment categories: 40 % fixed salary + 60% variable salary</p> <p>Decide the annual budget</p> <p>Decide compensation & benefits package for top managers and expatriates</p> <p>“C3 Cares”: welfare cover (in-patient; maternal care; outpatient)</p> <p>Implementation of IUF (international union of food workers) agreements in all the wholly owned subsidiaries: prevent stress at work and improve working conditions</p>
Templates taken from parent company	<p>Payment categories</p> <p>For expatriates: house or hotel stays, Christmas and a round-trip ticket per year, Chinese courses, personal drivers, three-week paid vacation</p> <p>For employees: French courses</p> <p>1 month extra full-paid maternity leave, shorter working days during the first 2 months after the return from maternity and extra day-off for men becoming fathers</p> <p>Newborn layette and Christmas gifts for employees’ children</p> <p>Flexible working hours</p> <p>Family day once per year</p> <p>Refunding of partial holiday costs</p>
Templates from China	<p>The five “insurances” and housing fund</p> <p>Free canteen</p> <p>Free shuttle bus</p> <p>Overtime payment</p> <p>Termination reimbursement (amount equals to the last salary payment)</p> <p>Paid vacation leave and non-paid vacation leave</p>
Transfer methods	<p>Documents</p> <p>Training</p> <p>Inpatriates (general manager, HR director)</p> <p>Flexpatriates (top managers from headquarter pay annual visits to Chinese subsidiaries)</p>

Given that C3 relies strongly on standardized management practices, transfer of practices plays an important role at C3. C3 even evaluate the performance of international transfer. For instance, each practice is assessed on a scale of 1 to 4. Level 1 is the lowest, indicating that practices have not yet been implemented in local entity. Level 2, practices are being implemented but there is no definition of policy. Here, “definition” means local contexts have not been taken into consideration during the practices’ implementation. Level 3, subsidiaries have defined their policies and practices are being implemented, checked and monitored with indicators. Level 4 represents the highest level of achievement – excellence and/or innovation in implementation and the ability to share their good practices with other subsidiaries. According to the annual report (2011), 94% of the HRM principles are adopted at C3 Chinese wholly owned subsidiaries, which reveals a high level of standardization in the area of HRM.

Adaptation of HRM practices at C3 China

The first impression towards C3 HRM is that they have a very active HR team, from global level to local operations. HR players endeavor to create innovative HRM practices. Employees at C3 are very motivated to share their practices. There is a high involvement of parent company in the transfer of HRM practices vis-à-vis Chinese wholly owned subsidiaries, but not for the joint ventures. Indicated by the informant, the strategy for C3 China is to focus more on the establishment of wholly owned subsidiaries in China in the near future. Local template is mainly presented in three institutional aspects at C3 China. First, it is the recruitment of casual labors. Second, it is the compliance with Chinese labor law on employment contract. Third, the salary package is closely linked to the market. Thanks to the dynamic HRM policies and practices, cultural differences have been moderated through the close networks within the group.

Seven French expatriates are working at C3 China. They are in charge of research & development department and financial department. According to the informant, instead of receiving expatriates on long-term assignments, headquarter prefers to send expatriates on rather short-term assignments to China. In particular, headquarter emphasizes the importance of integrating the Chinese talents into C3 global business, with whom are familiar with C3 culture, its way of working and have indispensable knowledge of the Chinese market and consumer habits. For instance, among the eight cases, C3 is one of two French companies which have Chinese general managers. Constant training programs are accompanying with local employees' career developments. For example, to become the top managers at C3 China, talents can enjoy international assignments lasting from 18 months to 3 years at headquarter or other countries. At the same time, C3 Leadership College constantly promotes the leadership skills to each manager. The following discourse is taken from the internal document (2010), which indicates the tendency of C3's staffing strategy for emerging market.

During the past years, the boundaries of the group's business have shifted dramatically. 10 years ago, C3 realized 90% of its sales in developed countries. Today, 30% of group's revenue is achieved in emerging markets. This proportion is likely to continue to increase. For C3, it is important to recruit talents from emerging markets in order to open up new markets quickly. The Chinese economy, for example, needs more than 50,000 new managers each year! Therefore, C3 decides to develop a HR policy that helps to achieve complementarily between local talents and expatriates...

We emphasize this discourse as C3 tries to decentralize the management to local subsidiaries through integration of local talents. However, in order to keep close control over the subsidiaries and facilitate

the international transfer of management practices, expatriates on short term assignments or forming inpatriates are taken into consideration. Table 19 summarizes the effects of various factors towards the international transfer of HRM practices at C3 China.

Table 19: Transfer of HRM practices at C3 (Food processing industry)

Items	Recruitment	Training	Compensation & benefits	Performance
Foreign template	Yes	Yes	Partially	Yes
Local template	Partially	No	Yes	No
Cultural difference	Active HRM team and innovative practices can lower cultural impacts			
Institutional factors	Transfer of HRM practices must meet local institutional conditions			
Entry modes	WOS has less transfer restraints than JV			
Expatriates	Train inpatriates and send expatriates on short-term assignments			

5.4 Case 4 Insurance industry

With over 150 years' experiences in business, C4 is one of the biggest insurance companies in France, which has 17,000 outlets. In the international markets, C4 is pursuing a selective international expansion strategy through cooperation agreements, partnerships and acquisitions. The company currently has operations in Italy, Ireland, Portugal, Spain, Argentina, Brazil, China and so forth.

Among the eight cases, C4 is the unique company who has not got wholly owned subsidiaries in China. C4 China is a joint venture built between one Chinese state-owned company and one French insurance company in Beijing in 2005. Each shareholder holds 50% of the shares. On the one hand, the Chinese shareholder has one of China's biggest financial networks, who owns 77,000 outlets and offers 36,000 financial products and services to Chinese customers. On the other hand, C4 is one of the giant life insurance companies in France. Both parties aim to achieve the synergy by merging the powerful

distribution channel of Chinese shareholder and professional experiences of French company. They hope to work together in order to meet the needs of Chinese consumers. However, in reality, being as a young player in Chinese insurance industry where there are substantial institutional limitations, holding 50% of the shares in the joint venture plus working with a partner chosen by the Chinese government without alternatives, C4 is facing with tremendous challenges. It has a lot of difficulties in setting up the proper HRM system in line with the one at headquarter.

The interview was conducted in Beijing. The informant is a French expatriate, who has been working in C4 Beijing representative office since 1997. Afterwards, under the approval of the board, the informant was appointed as general manager at C4 China. Due to the long expatriated experience in China and the strong interests in Chinese culture, the informant speaks fluent Chinese.

Table 20: C4 in China (Insurance industry)

Informant	Position in general manager, male, French
Interview detail	June 20 th 2011 in Beijing, lasting for 90 minutes
Subsidiaries	Joint venture: each shareholder holds 50% of the share
HR Profile	40 employees, including 3 top Chinese managers (positions in chairman and vice general managers), 3 French expatriates (positions in general manager, information manager and financial manager) and 3 HR players
HRM practices	Recruitment, training, performance evaluation, compensation & benefits

Reproduction of HRM practices at C4 JV in China

The business at C4 mainly depends on people and information technology. HRM practices at C4 highlight the importance of equal job opportunity across the group and diversity management. In particular, C4 is committed to support employees' development, providing superior benefits and responding to employees' needs. Since 1995, C4 has started to recruit disable people. C4 also takes

young people with limited education or skills and hires people over 50 years old. In 2004, C4 introduced a system to help employees preventing the workplace distress and harassment. However, even these HRM practices have been strongly introduced to China since 2005 but none of them have ever been implemented in the joint venture.

In fact, under the double management system, all the policies and practices must be validated by the Chinese shareholder and French shareholder. The decision-making becomes time-consuming and complicated. It emerged from the interview that the institutional factors with regard to Chinese regulations are the main barriers for the transfer of HRM practices. For instance, the insurance industry is a highly-regulated market in China. Any foreign life insurance companies that would like to operate the business in China should firstly meet the following three entry conditions:

- (1) foreign company should have operated for over 30 years within any WTO member state;
- (2) foreign company shall have set up a representative office in China for two consecutive years;
- (3) the total year-end assets of the foreign company for the year before the application should have been more than USD five billions.

Under these conditions, foreign companies are allowed to establish joint ventures only in five selected cities (Shanghai, Guangzhou, Dalian, Shenzhen and Foshan) with the proportion of foreign investments which shall not exceed 50%. Within two years after the accession, the opened area is expanded to other selected cities (Beijing, Chengdu, Chongqing, Fuzhou, Suzhou, Xiamen, Ningbo, Shenyang, Wuhan and Tianjin). Within three years after the accession, there are no more restrictions on geographical locations except the proportion of foreign investments. In short, foreign insurance investors can hold 50% of the shares in the joint ventures at maximum. Obviously, under such a regulatory institutional restriction, it is not easy for the foreign insurance company to develop business in China.

According to the informant, the training budget in 2011 at C4 China was 1.2% of payroll. Both parties participate in organizing the training but the forms and focus of training are different. French shareholder focuses on providing professional training on the basis of the annual performance review, for instance insurance techniques and computer/office systems, sales and marketing, personal growth and management. These training forms are in line with those in parent company. The Chinese shareholder prefers organizing outdoor training programs, which are accompanied by general training, entertainments and lunch offer.

In the following quotation, we can find out how entry modes and institutional restraints affect the reproduction of HRM practices at C4 China.

On the basis of joint venture (50-50%), all the decisions must be approved by both parties. For instance, in the area of HRM, both shareholders must negotiate on the organization structures and management teams. If Chinese partner is appointed as board member, then general manager must be appointed by the French company. Hence, in our company, French parent company sent three expatriates to work in China, who are holding the positions as general manager, information manager and financial manager. Chinese company appointed chairmen and two vice general managers. The main responsibilities for the two vice general managers are managing HRM and external communication. The Chinese shareholder is asking for a very equal management towards all the issues in the company. We, therefore, have difficulty in any decision-making, which is time-consuming, energy-wasting and not efficient at all. This is the general atmosphere in our company.

Besides the double management system, another big concern is that recruitment process is not transparent. In the following quotation, the informant argued the real situation of staffing practice at C4.

We recruit employees from job fairs, job sites, universities and other traditional channels, such as newspaper advertisements. But, I must say that some employees are not qualified. I know how they get the jobs. They are either friends or families of Chinese managers, which is the so-called recruitment on “guanxi”.

Besides, I must that say the managers assigned by the Chinese shareholder are not qualified. They are not specialists in the insurance area. When we have business meetings together, we have gaps in terms of insurance expertise. We tried to make the discussions understandable for them, but they are not interested in absorbing any new knowledge. Even we would like to provide them a learning visit to our headquarter in France, but they cannot speak English.

This quotation reveals several insights towards the HRM practices at C4 China. First, the recruitment practice of managerial staff and some employees at C4 China are not competency-based while the French partner has strongly requested on this point. Second, in order to enter the Chinese insurance market, foreign company has to make adaptation due to the institutional interactions. Establishment of joint ventures is compulsory but such an entry mode hinders the adoption of foreign HRM templates. Third, the implementation difficulty also links to the Chinese shareholder itself. In other words, JV partner can affect the transfer of management practices. For instance, the Chinese shareholder in this case is a giant state-owned company in China, which offers outlets all over China. Chinese people have strong faith on its convenient network. Characterized by its bureaucratic and *guanxi*-orientation. The Chinese shareholder has not faced with direct pressures of market competition because it benefits the preferential policies from the Chinese government. In light of this, the Chinese shareholder does not seriously appreciate the foreign management “know-how”. Hence, recruitment practices at C4 China cannot be implemented appropriately. Table 21 summarizes the recruitment practice at C4 China.

Table 21: Reproduction of recruitment practice at C4 China (Insurance industry)

Involvement of French company	Recruit expatriates
Recruitment for managerial staff	3 expatriates are recruited by French shareholder 3 Chinese managers are recruited by Chinese shareholder Dual management system: 50-50 % equity; 50-50% decision-making
Recruitment for employees	By local HRM department + approval by 3 Chinese top managers
Job description	Taken from the Chinese shareholder
Common templates between Chinese and French shareholders	External recruitment : recruitment by campus, database search on job sites, employee referral
Templates taken from Chinese shareholder	Job descriptions Recruitment on <i>guanxi</i> Use of casual labors (security staff, cleaners, maintenance workers and the receptionist)

Note: At C4 joint venture, French expatriates are holding positions as general manager, information manager and financial manager; Chinese managers are holding positions as chairman and vice general managers, who are responsible for administration management, human resource management and purchasing department.

Concerning the annual performance evaluation, C4 China succeeds to implement the annual performance review in the joint venture, which is held in December each year. Employee should fill in a form, which covers the criteria like target-realization, expectation towards personal development and salary. This form is taken from the French shareholder but C4 China makes some modifications, in terms of language and specific evaluation criteria. In China, C4 sets up five levels (from A to E) to evaluate the performance. “E” means disqualification and the employee will be fired. “A” means excellence. In the following quotation, the informant described the acceptance of employees towards this practice along with some exceptions.

In fact, employees welcome this practice because they have a face-to-face discussion with their managers. And they know their opinions will be taken into consideration seriously. Furthermore, performance evaluation is linked to bonus and salary. Hence, employees appreciate a fair performance evaluation system.

Interestingly, the three Chinese managers accept to evaluate other employees' performance but they refuse to be evaluated. The problem I have is how to evaluate the three Chinese managers' performance and provide them with the corresponding individual bonus. They do nothing in the joint venture... Finally, we have to set up two bonus systems at C4 China. Regarding the top managers (3 expatriates and 3 Chinese managers), board committee decides our bonus. The rest of employees, their bonus are linked to their individual performance and collective output.

Table 22: Reproduction of compensation & benefits practice at C4 China (Insurance industry)

Co-decision between French shareholder and Chinese shareholder	Decide the annual budget
	Decide the compensation & benefits package for top managers
	Decide payment categories for employees
Templates taken from French company	Bonus system (quantitative indicators and/or qualitative indicators)
	For expatriates: house renting, Chinese course, personal drivers, 3-week paid off vacations, one round trip ticket for visiting families
Templates from China	The five “insurances”
	Overtime payment
	Termination reimbursement (amount equals to the last salary payment)
	Paid vacation leave and non-paid vacation leave
	Housing fund
Transfer methods	Documents
	Expatriates

From table 22, one can see that there are two bonus systems at C4 China. One is for employees and the other is for the top managers. Employees' bonus is calculated through collective performance at C4 China (60%) and individual output (40%), which is similar to the one at headquarter. Top managers include three expatriates and three Chinese managers. Their bonus is decided by the board.

Adaptation of HRM practices at C4 China

Our analysis of this case is that rare HRM practices have been transferred from French parent company to the Chinese joint venture. In order to enter the Chinese insurance market, C4 is obligated to establish joint venture and it cannot own more than 50% of the shares. Confirmed by the informant, joint venture poses difficulties in implementing the foreign HRM templates, but what matters more is the nature of partner. As long as the local partner is subject to market competition, it is likely that it will have more motivations to learn the best practices. Hence, the informant advised three key points to ease the transfer of home-country practices and increase the possibility of succeeding the company in Chinese markets.

First, if it is possible, foreign company should focus on wholly owned subsidiary. Second, if it is possible to choose Chinese partner, while looking at partner's activities, assets and performance, foreign company should also check their management styles. In fact, we have a powerful Chinese partner. For instance, as a state-owned company, our partner has strong government-relationship and business connections. However, their bureaucracy, hierarchical structure and traditional management practices really affect our cooperation. Third, if the Chinese partner is recommended by the Chinese government, in such a case...wait for the right timing to convert the joint venture to a wholly owned subsidiary. "Arranged marriage" is a hard way to achieve happiness.

Table 23: Transfer of HRM practices at C4 (Insurance industry)

Items	Recruitment	Training	Compensation & benefits	Performance
Foreign template	Few	Partially	Few	Yes
Local template	Yes	Yes	Yes	Partially
Cultural difference	General manager has close relationship with employees. He speaks fluent Chinese and knows how to deal with Chinese culture. He likes living and working in China. To conclude, an expatriate who is a “China-specialist” can lower the cultural impacts. However, it is very hard to get such a “China-specialist”.			
Institutional factors	Institutional interactions lead to transfer restraint. Adaptation is a must.			
Entry modes	WOS performs better than JV in transferring practices. If possible, foreign company should focus on WOS. If operating the business in an entry-limited industry and JV is the only option, foreign company should choose partner(s) carefully.			
Expatriates	Expatriates who are “China specialist”, especially the ones who speak Chinese can facilitate the management in China.			

5.5 Case 5 Energy industry

C5 is a worldwide leader for nuclear power and other energy projects. Around 47,000 employees are working for C5 and 90% of them are working in France, Germany, the United States and the United Kingdom. In C5 worldwide operations, 32% of the workforces are engineers and managers. 50% of the employees are technical and administrative personnel. Blue-collar workers represent 18% of the workforce. Since 1980s, C5 has been doing business in China. Being considered as an entry-limited industry in China, C5 operates most of the businesses through joint ventures and cooperated projects. For instance, C5 has one wholly owned subsidiary in Beijing, where we conducted the interview. Meanwhile, C5 is running five joint ventures, some representation offices and production sites spread

across twelve provinces in China. Among the 458 employees (in 2011), there are 85 expatriates and 12 employees who are working in HRM department.

Table 24: C5 in China (Energy industry)

Informant	Position in HR director, male, Chinese
Interview detail	June 21 st 2011 in Beijing, lasting for 70 minutes
Subsidiaries	1 WOS: Beijing 5 JVs: Beijing, Sichuan, Shenzhen, Shanghai and Suzhou
HR Profile	458 employees, 12 HR players, 80 expatriates
HRM practices	Recruitment, workforce planning, training, performance evaluation, compensation & benefits and labor unions.

Reproduction of HRM practices at C5 China

Given the competitive employment market and other challenges, MNCs frequently question to what extent they should adapt HRM policies and practices for their Chinese operations. The response from C5 wholly owned subsidiary is to retain the global HRM standards in China to a considerable degree rather than adapting them to local market.

In China, C5 recruits candidates mainly through campus management activities in targeted universities. Meanwhile, C5 is an industrial sponsor for the Franco-Chinese institute. The recruitment tools and process are standardized in the wholly owned subsidiaries except two points. First, in France, the group also uses Facebook and Twitter to spread the job, internship and work/study offers. C5 considers such a social network can help to send messages to the young people or people with specialized expertise. However, with political reasons, websites like Facebook or Twitter are blocked in China. Second, given that most of the C5 operations in China are through joint ventures, C5 China prefers to recruit either the

fresh graduates or the candidates who have working experiences in MNCs. Furthermore, candidates with working experiences in joint ventures and/or speaking French will be taken into consideration as priorities. Table 25 provides an overview towards the recruitment practice at C5 China.

Table 25: Reproduction of recruitment practice at C5 China (Energy industry)

Involvement of Parent company	Recruitment target and budget Global recruitment of top managers and expatriates
Recruit managerial staff	By headquarter (e.g., executives, expatriates) By local HRM department and approval by headquarter (e.g., functional directors) By local HRM department (e.g., functional managers)
Recruit employees	By local HRM department
Job description	Standardized job descriptions within the group
Templates taken from parent company	Same selection criteria for managerial staff and employees External recruitment (Campus management activities; C5 Recruitment Day; Head hunting; Professional database for staffing engineers; Word-of-mouth recruitment) Internship or work/study event
Templates from China	Attract candidates who have foreign work/study experiences, preferably in France. Recruit candidates who have working experiences in joint ventures. Employment contract (e.g., working hours 40hours/week) Casual labors Internal recruitment (Employee referral)
Transfer methods	Documents Training (on-work, short-term trip at headquarter) Annual HR meeting in France and frequent telephone & video meetings Expatriate (general manager) Inpatriate (HR director, in particular, he speaks fluent French and English. He has worked in France for several years. Before joining C5, he had a strategic management position in an American MNC.

In the following discourse, we provide a recruitment advertisement from C5 China.

<i>Job title</i>	<i>HR manager at C5 joint venture</i>
<i>Location</i>	<i>Shen Zhen</i>
<i>Education</i>	<i>Bachelor degree or above, HRM related majors</i>
<i>Condition</i>	<ul style="list-style-type: none">• <i>With 8-10 years' working experience in the related jobs.</i>• <i>Working experience at a joint venture is a priority.</i>• <i>Speaking French is a priority.</i>• <i>First, candidate should be able to adapt him/herself to a multicultural working environment. Second, candidate should be familiar with Chinese labor law, tax and visa regulations. Third, candidate should hold sincere sense of confidentiality, a good professional accomplishment and interpersonal communication skills. Fourth, candidate should be a native Chinese, who speaks English fluently.</i>

Regarding the HRM practices at joint ventures, it takes longer time to get a practice transferred and the results are not the same as those in the wholly owned subsidiaries. For instance, it takes time to negotiate with the Chinese partners.

Signing a contract is the beginning. When both groups work together and if C5 holds more shares in the joint venture, we have a handshake agreement of adopting C5's HRM practices. In such a case, it is easier to transfer HRM practices. However, if the Chinese partner holds more shares and takes charge of HRM, what C5 can do is to communicate "C5 way" and try to share more C5's best HRM practices as possible. But it is easier said than done. Therefore, ownership of the company will have positive effect towards the transfer of HRM practices.

Being considered as an attractive employer to Chinese candidates, the turnover rate at C5 is lower than the industry level. For instance, in 2010, there were only two employees who quitted the jobs. The reasons are related with family issue. According to the informant, offering professional training can lower the turnover rate. Each subsidiary must organize regular training from month to month to maintain employees' knowledge at the requisite level. This is a principle widely applied in all the subsidiaries. Training becomes a motive to retain talents.

The Chinese employees are eager to develop themselves. In China, there is a long tradition of valuing education. Since childhood, Chinese faces intensive pressures to perform as well as he/she can. They are encouraged to work hard and make more progresses every day. Afterwards, as adults, they are carrying high expectations from parents, families and communities. They endeavor to realize excellence and success. Hence, they expect the company can provide them professional training for continuous personal development.

In China, training programs at C5 include in-house training, technical training and business training. The training aims to develop local talents and employs some of them to some key positions which are often occupied by expatriates. In order to realize this purpose and meet the local needs, some modifications on training programs are necessary. As it is known, Chinese leadership is different from that in Europe or the rest of the world. In China, employees are used to the hierarchy of a work group and hide their feelings. Hence, C5 puts more efforts to train employees on topics such as presentation skills, oral English communication, business writing and global mindset, with which focus does not exist in parent company. Furthermore, C5 offers key talents a chance to have training in C5 universities or C5 training center in France and the United States. English courses are available for all Chinese employees.

Retaining people is not just linked to money. Our salary is not the most competitive in the market but ranks medium or upper. Compensation & benefits should be in line with industry standard, country living expenses and so forth. For instance, in France, the annual compensation growth rate is around 1%. But in China, if the salary is increased by 1.5% or 2.5% per year, we will absolutely have high turnover rate. Chinese employees tend to be familiar with the salary rates in their fields and rates are rising far more quickly than that in France. We should have annual salary growth at 8% to keep the talents.

Before 2004, C5 China used traditional salary system. All the employees received pre-set salary with a steadily increasing rate. They were evaluated through the educational background and professional working length. The promotion was mainly based on age and seniority while evaluation was rarely linked with performance. Within six months, the parent company transferred the performance-based system to the Chinese subsidiary. Employees are evaluated in the area of competence, productivity and contribution towards the realization of the objectives nowadays. The transfer process came across some difficulties. For example, the senior employees disagreed with this practice for it influenced their salary. Older employees were not willing to work under the promoted younger managers' directions who were used to be their subordinates. Furthermore, the new plan proposed firing a certain number of disqualified employees while passing the saved money to the promoted personnel who were underpaid. Hence, it was a challenge to negotiate with the labor union. After considerable efforts, such as constant supports from headquarter, frequent meetings and establishment of transparent payment system, the performance-based salary system was finally set up in the wholly owned subsidiary.

In general, the salary package at C5 China includes a fixed component and a variable component, which is based on the responsibilities associated with the position and overall performance, local market

practices, benefits and employee savings plans. C5 does not have any stock option or stock purchase plan for employees and officers. Depending on the prevailing laws and practices in China, C5 pays retirement bonus as well as housing fund, which are related to employee's salary and seniority. In particular, Chinese employees demand pension plans for parents, too. Such a benefit is only implemented in China for the moment.

Table 26: Reproduction of compensation & benefits practice at C5 China (Energy industry)

Involvement of Parent company	Recommendation on salary levels, pension and disability plans and annual budget Decide compensation & benefits package for top managerial staff and expatriates
Templates taken from parent company	Bonus system (quantitative indicators and/or qualitative indicators) Maternity, paternity and sick leave Disability income protection Expatriates: personal driver, house, Chinese course, gym card, etc.
Templates from China	Minimum wage, overtime payment, paid vacation and non-paid vacation leave Termination terms The five “insurances” plus housing fund (C5 paid) Personal reimbursement: Mobile phone, parking, <i>hukou</i> handling fee and heating fee reimbursement (heating fee is only applicable in Beijing JV and WOS) Internal canteen Pension plan for employees' parents
Transfer methods	Progressive transfer Compensation & benefits documents Training (on-work, short-term trips at headquarter) Annual HR meeting in France and frequent telephone & video meetings Expatriate (general manager) Inpatriate (HR director)

C5 China is operating the same annual performance evaluation as that in Europe. They have the same schedule (e.g., performance review must be done before the end of February) and procedure (e.g., E-system registration). This practice takes place through a dialogue between each employee and his/her immediate managers, notably to set development objectives. The dialogue also serves to align the needs to design individual's career plan.

Besides annual performance review, C5 also organizes people review, which is a collegial annual meeting between management and HRM department. The aims of people review are to adapt employees' skills to realize corporate strategies and organizational developments; to identify and develop talents while promoting mobility and assuring that a common culture is shared. Based on the annual performance review and people review, each employee will receive a report on the individual development actions and mid-term evolution objectives (3-5 years). Related supports that are necessary to reach these objectives will be indicated in the report, too. However, at C5 China, the mid-term objectives are only set for the coming two or three years. In the following quotation, informant explained why it is a must to make such an adjustment.

Individual development plan is a good practice. It shows that C5 appreciates employees' contributions and would like to help employees to build their own success. However, such a practice does not work in Chinese contexts. The five-year objective is too far for a Chinese employee. In China, there are more job opportunities than in Europe. Chinese people have more facilities to get access to new job. This causes the higher turnover rate. By consequence, if we set the objectives for the coming 3 to 5 years, the objectives cannot be served as motivations. In summary, C5 China adopts the practice of annual performance review and people review but we adjust the objectives by focusing on the coming 2 to 3 years.

Adaptation of HRM practices at C5 China

Through the case study, we found that C5 has established a relatively standardized HRM practices in China. We summarized the following key points which contribute to such a transfer output. First, headquarter pays attention to local demands and requests. HR players at C5 China are empowered to operate the global HRM standards. In the meantime, headquarter is providing cross functional supports to local HR players, such as visiting C5 China twice per year.

Second, HR director is vital to ensure the transfer of HRM practices. The position of HR director at C5 China was previously occupied by French expatriates, who were the practices carriers and conductors in China. Once the standardized HRM system is established, headquarter tends to train and use Chinese talents to take charge of human resource management. According to the informant, HR director serves as a bridge between parent company and local entities. In order to meet the expectations from headquarter and enhance the local performance, HR director should have various competences, such as multiple languages skills, international working experience along with relative knowledge towards China and personal leadership. Further speaking, language skills (e.g., French and English) can contribute to a clear and smooth communication between headquarter and subsidiaries. International working experience can ease the expatriates' management for they have common languages on international assignments. In such a case, HR director understands what foreign colleagues need. Moreover, HR director should be a native Chinese. Stated by the informant, *"in China, speaking Chinese with government staff, colleagues and subordinates will help you easily deal with the working relationship."* For instance, HR director at C5 China is a "France-specialist". He has achieved a Ph.D diploma in France and then worked in Paris for several years. He is familiar with French culture and he speaks fluent French as well as English. Before joining C5 China, HR director worked in an American

MNC for ten years. His academic background, language skills and international working experience allow him to well balance the expectation from headquarter and local responsiveness.

Third, “*Chinese employees are collectivism-orientated. They are the good listeners and followers.*” Such cultural characteristics help to implement the practices in the Chinese subsidiaries easier.

Fourth, transfer of HR practices is difficult either when C5 China has small shares in the JVs or in the process of merger and acquisitions. For example, in 2010, C5 China has acquired a Chinese company, which had healthy financial performance but lacked of standardized management. For instance, the majority of staff did not have labor contracts. Therefore, during the acquisition process, the first HRM task was to get contracts signed. This procedure took three months, including the explanation and negotiation on contract terms, gathering the necessary documents and registration in various institutions.

Table 27: Transfer of HRM practices at C5 (Energy industry)

Items	Recruitment	Training	Compensation & benefits	Performance
Foreign template	Yes	Yes	Partially	Yes
Local template	Partially	Partially	Yes	No
Cultural difference	First, Chinese cultures as collectivism and respecting hierarchy can ease the transfer process. Second, HR director is a “France-specialist”, who contributes to lower the cultural impacts within MNC.			
Institutional factors	It is required to adapt HRM practices to meet institutional conditions.			
Entry modes	Wholly owned subsidiaries perform better than joint ventures in transferring HRM practices.			
Expatriates	At the early stage of doing business in China, expatriate (position in HR director) is essential to set up standardized HRM system in China. For the long-term play, a competent Chinese HR director is more favorable in dealing with local HR affaires.			

In all, being flexible, open and adaptable can facilitate MNC to transfer home-country management practices to Chinese subsidiaries. MNCs should work closely with Chinese HR players in order to deal with the Chinese governments flexibly. Given that, the Chinese government continues to identify certain industries as protected sectors and requires MNCs in these industries to operate via joint ventures. In this case, MNCs should be careful in partners' selection and recognition, establishing mutual trust and keeping communications. At the early stage of establishment in China, an expatriate specialized in HRM area can help to transfer HRM practices. But afterwards, HR director should be posted to Chinese employee, who is familiar with local regulations and Chinese culture.

5.6 Case 6 Chemical industry

Presents in 80 countries with nearly 50,000 employees, C6 is a world leader in chemical industry. The major market for C6 is Europe, which produces 50% of the revenue. Then, it is Asia-Pacific (25%). The U.S. comes third (22%). The Middle East and Africa are considered as novelty markets for C6 (3%).

C6 firstly settled in China in 1916. With a strong investment in China in the last 15 years, C6 had 2500 employees in the country in 2011. Shanghai is C6's Asian head quarter. C6 also owns operations in the industrial area of Beijing, Tianjin, Hebei, Shandong, Liaoning, Jiangsu, Zhejiang, Hubei, Sichuan, Shanxi and Guangdong. The number of C6 plants in China has reached sixty by the end of 2011. Among which, 42 of them are wholly owned subsidiaries. Forty HR players and 18 expatriates are working for C6 China. In order to support its growth and sustain performance in various geographical zones, "*all the subsidiaries share the responsibility to implement group-wide HRM strategy (source: internal document on HR principles)*". From the table below, one can have an overview towards C6's operations in China.

Table 28: C6 in China (Chemical industry)

Informant	Position in Asia-Pacific HR vice president, male, French
Interview detail	June 13 rd 2011 in Shanghai, lasting for 85 minutes
Subsidiaries	42 subsidiaries: Shanghai, Beijing, Tianjin, Hangzhou, Liaoning, etc. 18 joint ventures in Guangdong, Tianjin and so forth.
HR Profile	2500 employees, 40 HR players, 18 expatriates
HRM practices	Recruitment, job management, international mobility, training and development, secretariat assistance, payroll-personnel administration, social relations, internal and external communication, compensation & benefits, performance evaluation, employee relations

Reproduction of HRM practices at C6 China

Being selected as one of the winners of the 2012 “100 best HRM companies” award in China, HRM practices have made a significant contribution to C6 development. As the CEO of C6 China indicated, *“people are the most valuable asset of the company. Winning the 2012 best HRM Company is demonstrating the success of C6’s HRM policy.”*

The interview was conducted with C6’s Asia-Pacific HR vice president in Shanghai. The overriding responses during our interview towards the four HRM practices (recruitment, training, compensation & benefits and annual performance review) reveal that C6 China is strictly keeping HRM practices in line with group’s standards. HRM practices are standardized in the Chinese wholly owned subsidiaries as those at headquarter, from documents (HR principles) to HR agendas. Be noted that all the subsidiaries are required to manage HR in accordance with the group’s principles (a handbook for managers and HR professionals) but they can diversify the transfer mechanisms in order to realize the group’s objectives.

C6 is always attaching great importance to talent recruitment and development. The recruitment strategy is to hire candidates who are competent to fulfill the position and have the potential for further

development within the group, which is the so-called “*recruit for future at C6*”. In addition, according to the informant, C6 China prefers to recruit candidates who have foreign study/work experience. Specifically, internal candidates are the first source of staffing. When the internal candidates can not be identified, the external recruitment process can therefore be launched. All the staffing decisions should be validated by four parties in the subsidiary: general manager, functional manager and immediate supervisor and HR manager.

Table 29: Reproduction of recruitment practice at C6 China (Chemical industry)

Involvement of Parent company	Recruitment budget Recruitment of top managers and expatriates for Chinese subsidiaries Set up recruitment policies and process
Recruit managerial staff	By headquarter (e.g., CEO, general manager, functional directors) Local HRM department + validation by headquarter (e.g., functional managers)
Recruit employees	Staffing decision is approved by four parties (general manager, functional manager, immediate supervisor and HR manager). Meanwhile, staffing decision must be consistent with medium-term HRM plan and meet diversity objectives
Job description	Standardized job descriptions within the group
Templates taken from parent company	Same selection criteria for all the employees Internal recruitment External recruitment (mainly Campus recruitment campaign, head hunting, professional website)
Templates from China	Campus talk, recruit Chinese candidates who are graduated from foreign universities, preferably French universities, employment contract
Transfer methods	“Human resource principles” and HRM documents Diversity management (various national citizens are working together) Expatriates (general manager and HR director) Training (on-work, short-term trips at headquarter) Inpatriates (international assignments) Annual HR meeting in France and frequent telephone & video meetings

Campus recruitment plays an important role at C6 China. A series of activities are included in this campaign. For instance, fresh graduates are welcomed to join trainee program and international internship. Campus talk is a special recruitment tool in China. Starting from October each year, the annual campus talk lasts for one month and is held in ten universities in eight Chinese cities. C6 China's top executives as well as young managers and professionals who are recruited from the campus campaigns will join the presentations. They firstly introduce the company and the industry, then discuss with the students on hot topics such as job seeking and career development. Chinese students can therefore get an initial knowledge of C6 China.

At C6, training is considered as the acquisition of group's knowledge, professional skills and competencies. Employees can receive job-related training and/or cross-functional training each year. All the subsidiaries can review and prioritize their training programs but should be coherent with group's training standards and medium-term objectives. In general, each employee can benefit from an average training time of seven days. All the training sessions require documented evaluations towards trainees' acquisition of knowledge and assessments of training effectiveness.

In addition to the traditional management path, C6 also opens a technical career path to the technical professionals and a cross development path for the employees who are willing to have job rotation. Furthermore, C6 University was established in 2009. All employees can receive four types of training programs in C6 University, which are global vision of the group, management & leadership, functional skills for strategic positions and sales & business integrity. As previously mentioned in the part of recruitment practice, international mobility is encouraged at C6. Chinese employees can receive assignments and missions in foreign countries or at headquarter. They are expected to transfer "know-how" after their international mobilities.

For the training practice, the involvement of parent company includes providing the group's training standards and materials to the subsidiaries, validating the international high potential identification, approving individual international mobility and supporting the training managers (e.g., establishment of annual training plan, selection of training providers and trainers, ensuring the training process and evaluating the training performance). From the perspective of Chinese subsidiaries, HR manager, functional managers are expected to decide each individual's development needs and areas for improvement, identify employee's potential and support training manager to set up a development plan. The employees themselves are responsible for identifying their performance development needs. Obviously, we can find out that the transfer of training practice is realized by strong involvement of the parent company and the well-established performance evaluation system. For instance, all the training practices will be evaluated through key indicators such as training costs, training effectiveness audit results, the total number of training days and per employee, the number of validated international and national talents, the number of development plans completed, and so forth. All the feedbacks will then be integrated in the updated training. According to the informant, the main adjustment of training is providing some training sessions in Chinese.

Each C6 employee must undergo an annual performance review with his/her direct manager. The review covers a summary of objectives-setting for the coming year, evaluation of individual strengths and achieved performance, required improvements plus creation of individual development plan. Such an interactive process must be documented in C6 E-system. For the managers, besides the stated criteria, they will also be evaluated by personal competencies and leadership attributes. During the performance review, managers should pay attention to the ways of expression and "face" issue.

In France, “yes” is “yes”. We are open to discuss the performance even we fail to meet the objective. In China, we should remember to preserve employees’ “faces”. Our managers are trained to use indirect communication to discuss the failed performance with employees. In addition, we create a performance ranking system to give feedback in China. Each employee will receive a ranking (from A to F) and a report confidentially through a letter.

Table 30: Reproduction of Compensation & Benefits practice at C6 China (Chemical industry)

Involvement of Parent company	Decide salary packages for top managerial staff and expatriates Ensure the performance-based system is put in place Validate the local compensation & benefits plan
Templates taken from parent company	Performance-based salary system, which includes job profile, job grading, annual objectives and evaluation.
Templates from China	Propose the annual salary increase budget to headquarter Salary survey in the market Ensure the salary packages are in line with local practices (e.g., the five “insurances”, housing fund, internal canteen) and legislations (e.g., overtime payment, minimum wage, termination reimbursement, paid vacation leave and non-paid vacation leave)
Transfer methods	Human resource principles and documents Meetings Expatriates (general manager and HR director) International assignments for Chinese employees to work at headquarter or other subsidiaries in other countries Progressing transfer

As confirmed by the informant, compensation & benefits are driven by local market conditions, internal equity and applicable legislation. Each employee receives a salary consisting of a base salary, variable

one and benefits. The salary increases in line with subsidiary's performance and market level. The benefits are drawn from local practices. However, limited by Chinese labor law, C6 does not provide profit sharing and stocks to Chinese employees. From Table 30, one can see that the C6's compensation & benefits practice is localized. Chinese subsidiaries are responsible for designing the salary package in accordance to local industry level and legal requirements.

Adaptation of HRM practices at C6 China

Based on the previous discussion and confirmed by the informant, we summarize five key points that contribute to the high level of transfer of HRM practices at C6. First, C6 headquarter in France has formalized the "human resources principles" for all the subsidiaries in the world. Sticking to the golden rules, each manager or HR player in the group has a clear and consistent vision of the principles and each individual's responsibilities. It is a handbook to guide the implementation of home-country HRM practices in Chinese contexts on a daily basis.

Second, through the long presence in China and constant market learning, C6 gets to understand Chinese employees' ambitions towards self-fulfillment. Chinese employees, especially the talents are attracted by MNCs' global operation and best practices. They consider that the advanced management practices are the assets which can enrich their CVs and advance their careers. In particular, these western management practices cannot be learned from state-owned companies. Holding the point of view as self-progress and development, Chinese candidates are keen to learn the international standards.

Third, expatriates play important roles in transferring the home-country practices to Chinese subsidiaries. At C6, all the expatriates are recruited by headquarter. Before the expatriation, expatriates will have short term assignments (1-3 months) in China. In the meantime, they have training on efficient communication, teamwork building, Chinese culture, dos and don'ts in China, English and Chinese

learning, etc. They are responsible to explain the HR principles for the companies they work for in China. However, since sending expatriates to overseas subsidiaries is costly, C6 tends to train local talents and send expatriates on short-term assignments to Chinese subsidiaries in the future.

Fourth, thanks to the diverse workforce, C6 gets used to listening and understanding different points of view, thinking in new ways and widening the global vision. In fact, diversity is highly embraced by C6 corporate culture, which promotes exchanges, knowledge sharing and the transfer of expertise. Various national citizens are working together in China. There are Korean, Japanese, French, Indians, Americans and so forth. Conflicts exist but employees focus more on synergy-building and problem-solving. Hence, when facing with transfer misfits, employees are voluntary to search “how-why” questions in order to get appropriate practices transferred.

Fifth, according to the informant, 70% of C6’s investments in China are in the form of wholly owned subsidiaries, with the reminder as joint ventures. For instance, C6 is operating 60 plants in China and only 18 of them are joint ventures. In the following quotation, the informant described the reason why C6 strives to set up wholly owned subsidiaries in China, instead of joint ventures.

In the mid-1990s, the Chinese government required foreign companies in certain sectors to operate the business through joint ventures. The Chinese government even chose the partners for us. Since China entered WTO in 2001, we can decide the entity mode for some cases. If we are required to operate a joint venture, we usually own 50% of the shares. If we can choose the entity mode, we prefer wholly owned subsidiaries. We entered China market in 1916. We are constantly learning the local knowledge and developing the distribution. Forming wholly owned subsidiaries allows us to react to market demands flexibly and make decisions efficiently, including the decision on transfer of HRM practices.

Table 31: Transfer of HRM practices at C6 (Chemical industry)

Items	Recruitment	Training	Compensation & benefits	Performance
Foreign template	Yes	Yes	Partially	Yes
Local template	Partially	Language adaptation	Yes	Partially
Cultural difference	Through market learning and the nature of Chinese employees as keen learners, the negative effects of cultural differences can be diminished.			
Institutional factors	Transferred HRM practices must be adapted in order to meet local market conditions, legislations and benchmark.			
Entry modes	Wholly owned subsidiaries allow MNCs to make decisions more efficiently.			
Expatriates	Practice carriers and coaches in Chinese subsidiaries.			

5.7 Case 7 Transportation industry

C7 is one of the world's leading manufacturers in producing auto and truck parts. In total, it owns 69 production facilities in 18 countries as well as numerous representative offices in 170 countries. There are 113,400 employees working for C7, representing 120 nationalities. The global market share of C7 in 2012 is 15%.

C7 started to sell products in China (Hongkong) in 1988. With its fast business growth in China, in 1996, C7 set up its first joint venture in Shenyang with a government-recommended partner. In 2001, C7 formed a joint stock company in Shanghai, in which C7 owned 70% shares. Given China's entry into the WTO, the business environment is becoming deregulated. C7 preferred to restructure its operations in China. It has therefore switched both joint ventures to wholly owned subsidiaries. C7 set up a wholly owned investment company in Shanghai in 2005, where we conducted the interview. C7 also owns a research & development center in Shanghai as well as sales offices in six cities. Recently, in order to set up a factory in central China, C7 formed a new joint venture with two Chinese partners.

Table 32: C7 in China (Transportation industry)

Informant	Position in HR director, female, Chinese
Interview detail	June 15 th 2011 in Shanghai, lasting for 60 minutes
Subsidiaries	3 wholly owned subsidiaries: 2 WOSs in Shanghai and one WOS in Shenyang 1 JV: C7 owns 40% shares while two Chinese partners own 60% of the shares 1 research & development center in Shanghai Sales offices in Xian, Guangzhou, Chengdu, Shenyang, Shanghai and Hongkong
HR Profile	7000 employees, 60 HR players (1 Indian is working as training manager at C7 China), 123 expatriates (most of them are working in production department and marketing department)
HRM practices	Recruitment, training and development, compensation & benefits (performance evaluation is included in compensation & benefits), career development, expatriation management

Reproduction of HRM practices at C7 China

All the multinational companies need to manage the balance between standardization and localization. C7 is using a centralized strategy to operate its global business. C7 headquarter in France attempts to transfer standardized management practices to all the overseas subsidiaries. Subsidiaries therefore are holding the pressures to keep practices consistent with those at headquarter.

Referring to recruitment, informant stated that Chinese subsidiaries were using the same recruitment tools, job descriptions and time frame as those in parent company. Internal recruitment is embraced as a priority for all the positions at C7. External recruitment is mainly through campus campaigns and focuses on “*recruitment for future*”. However, each subsidiary can prioritize its recruitment channels in order to meet local needs.

In other foreign subsidiaries, the recruitment procedure for white-collars is generally made up of three steps. Step one, C7 identifies the potential candidate. Step two, the candidate is invited to an individual interview with a recruitment officer. If the interview is successful, the candidate will have a second-round interview with four people in the company (e.g. HR manager, training manager, functional manager and one executive).

When we look at the recruitment procedure at C7 China, it is slightly different. Chinese talents are relatively weak at communication and dynamic ability. Hence, after the first-round-selection and face-to-face interview, C7 China will organize a role play to make the final staffing decision. Through this practice, C7 China hopes to identify candidate's teamwork spirit, potential leadership and communication abilities.

In addition, C7 China needs to develop position descriptions for each employee. Subsidiary can take the job descriptions from headquarter but position description should be precisely designed according to local contexts. In the following quotation, informant explained the differences between job description and position description.

Headquarter has established standardized job descriptions for most of the general positions. However, when we take over these documents, we can keep the job descriptions but we should establish our position descriptions. As known, a job description is a generic summary of key responsibilities of a job, which identifies the necessary skills and what performance is expected. The position descriptions are the more detailed summaries of the duties attributed to an individual position in China. In particular, we have recruited casual labors for some short-term positions. We need to create position descriptions for them.

Table 33: Reproduction of recruitment practice at C7 China (Transportation industry)

Involvement of Parent company	Recruitment target and budget Global recruitment of top managers and expatriates for the Chinese subsidiaries Set up recruitment policies and agendas
Recruit managerial staff	By headquarter (e.g., CEO, general manager, HR director, Finance director, marketing director, R&D director at C7 China) By local HRM department and validated by the headquarter
Recruit employees	By local HRM department
Job description	Standardized job descriptions within the group
Templates taken from parent company	Same selection criteria for all the employees, internal recruitment is a priority, external recruitment (e.g., campus recruitment campaign, campus talk, head hunting, database search on job sites, advertising)
Templates from China	Employment contract terms should be in line with local legislations (e.g., working hours 40 hours/week) Casual labor
Transfer methods	Expatriates (general manager and HR specialist) French flexpatriates (annual visit of senior managers from headquarter to Chinese subsidiaries) Inpatriate (HR director) E-system and C7 global HR network Training (on-work, short-term trip at headquarter) Frequent communication (HR meetings in France: 3 times/year; Monthly, quarterly, semi-annual telephone & video meetings)

Regarding training practice, once after the probation, each new employee will receive an initial 12-week training, which alternates corporate value and culture, the theory and practice in the field. The annual training plan provides five to ten days' training to each employee per year. Some training lengths can last from one to three years. For example, C7 firstly trains top managerial staff in Europe and then gives

them responsibilities abroad. This is true for the Chinese top managers. From HR director, to marketing director, production director and so on, they had training or working experience in France beforehand. Furthermore, in order to accompany employees' developments properly, C7 creates a position called "career manager" in each subsidiary. His/her job is to identify employee's interest and potential while working in close collaborations with line managers. In all, training practice has been well implemented in Chinese subsidiaries and Chinese employees show interests to all kinds of training programs.

Each year in September, C7 organizes the annual performance review in all the subsidiaries. Each employee will have a face-to-face interview with his/her direct supervisor. However, such a practice faced difficulties to be implemented in China. On the one hand, at the early stage of C7's operation in China, C7 had to set up joint ventures according to the Chinese foreign direct investment (FDI) regulation. With a state-owned company as the JV partner, it was hard to make reforms. The performance appraisal system from the Chinese partner seemed to have problems, for instance unclear appraisal objectives, improper assessment system and different standards for the similar positions. If implementing the annual performance review in the joint venture, the project should start with job analysis and job descriptions. Then, reforms on organizational structure and processes were necessary. The Chinese partner was reluctant to change the existing system. In the meantime, C7 preferred to keep the mutual relationship with the Chinese partner instead of putting pressures on reforms. The discussion on implementation of practice of annual performance review therefore ended without any productive action plan.

When C7 switched both joint ventures (one in Shenyang and one in Shanghai) to wholly owned subsidiaries, the first mission for C7 China was to reform the management system, including the implementation of annual performance review. This has been a long process. Basically, the difficulties rested in building the employees' recognition and trust towards such a practice.

At the beginning, when annual performance review was introduced to Chinese subsidiaries, it was a relatively new practice. In order to let employees trust this practice, HR players should explain to employees what an annual performance review is, why an annual performance review is essential, what key performance indicators are being evaluated and how to do it. Meanwhile, HR players should improve managers' communication skills and their knowledge towards evaluation categories. Implementation of this practice is a progressive procedure and it is crucial to keep evaluation transparent and trustworthy. Nowadays, this practice has been widely used in MNCs, even in the Chinese private companies and/or state-owned enterprises. Chinese employees become familiar with it.

At C7 China, compensation & benefits are calculated on the basis of four aspects: position salary (fixed salary), competence, individual performance and team performance. As confirmed by the informant, this practice must be localized. Subsidiaries can make decisions on some HRM practices, for instance compensation & benefits. Each subsidiary is authorized to provide salary packages according to the talents' needs and local conditions (Chinese labor law, benchmark, average salary in the industry, etc.) Another example in hand is the percentage for salary increase. At C7, there is a formula to calculate salary-increase percentage. However, given that the market growth rate in China is faster than that in western countries, C7 China must adjust the increased percentage in order to retain the talents. If not, company will easily face the high turnover rate. Hence, C7's compensation & benefits strategy must be adapted to local contexts.

Table 34: Reproduction of compensation & benefits practice at C7 China (Transportation industry)

Involvement of Parent company	Formula for calculating the annual salary-increase percentage Decide salary package for top managerial staff and expatriates Validate the local compensation & benefits plan
Templates taken from parent company	Salary package is composed of fixed salary and variable salary (personal performance + team performance + competence)
Templates from China	Propose the annual salary increase percentage to headquarter Match the salary packages with employees' needs, benchmark (e.g., salary ranks medium and upper level, C7 China provides housing fund to each employee) and local legislations (e.g., the five "insurances", overtime payment, minimum wage, termination reimbursement, paid vacation leave and non-paid vacation leave)
Transfer methods	Expatriate (general manager) French flexpatriates (annual visit of senior managers from headquarter to Chinese subsidiaries) Inpatriate (HR director) Compensation & benefits documents and E-system Constant communication (meetings, telephones, internal HR platform, etc.) International assignments for Chinese employees to work in other subsidiaries in other countries

Adaptation of HRM practices at C7 China

C7 arrives at retaining most of the HRM practices in Chinese subsidiaries. Several elements contribute to such a result. First, expatriate plays an important role in ensuring the transfer of HRM practices, especially at the first stage of establishment of WOS in China. Expatriates are the practice coach and conductor, who are familiar with home-country management practices and responsible for setting up the standardized management system in Chinese subsidiaries. Meanwhile, the expatriate should have the

capacity to select the local candidate and train him/her to be competent. In the following quotation, informant illustrated how expatriates contribute to the transfer of HRM practices to C7 China.

The first HR director at C7 China is a French expatriate. His mission in China was to set the standardized HR system. In the meantime, during his stay in China, he should select the potential candidate and train him/her to take over his position. Afterwards, the candidate will have an assignment at headquarter or in other subsidiaries in other countries from one to two years. Take myself as an example. I am the third HR director at C7 China. During the internship, I travelled to C7's subsidiaries in the U.S., Japan, Singapore and Europe to recognize C7's management. This period lasted for one year. When I finished the internship, I came back to work as a HR director in China. For the moment, our training manager is from India. He will work in China for two years and then he will be promoted as a HR director for one of the C7's subsidiaries in India. That's to say, working in China is a part of his career development.

Second, another main message drawn from the interview is that good communication between headquarter and subsidiary is essential for the successful transfer. Case 7 reveals that the smaller the information gap is, the easier it is to get practices transferred. There are different types of communication to deal with the information gap. For instance, at C7, headquarter organizes global HR meetings three times per year for all the HR directors. During the meetings, HR vice president will share the updated HR strategies and action plans for the coming year. After the meetings, local HRM department will receive documents on how to implement the updated HRM practices. In addition, there are frequent telephone meetings (monthly, quarterly, semi-annually and annually) to share the updates.

What's more, C7 sets up the global HRM performance evaluation system. In order to keep the local practices in accordance with the ones at headquarter, every year, one HR member will come to Chinese subsidiaries to audit the HRM performance.

Third, according to C7's global staffing strategy, all the subsidiaries should select the right candidates who share the similar values as C7. The advantage of this strategy is that it can help to integrate the candidates into C7 more efficiently and increase the possibility of their loyalty. In particular, C7 prefers to recruit fresh graduates, who are eager to learn the international standards and best practices. Once the candidates are recruited, each of them will have 3 to 6 months' internship to further recognize C7's corporate culture, value, HR principles and practices, working modes and so forth.

Fourth, it is easier to transfer home-country HRM practices to wholly owned subsidiaries than to joint ventures. Drawn from C7's experience, joint venture is a unit composed of at least two different companies, which have different management practices. When employees tend to have the preference towards the previous culture and working modes, conflicts may appear, especially if it is a case including a foreign company and a Chinese company. Both of them have different ways of thinking and doing. Obviously, if the two companies *"marry together without well knowing each other, a divorce is foreseeable"*. Hence, if the MNC has a choice to choose its Chinese partner, take time to select the right one. If the partner is recommended by the Chinese government, under such an *"arranged marriage"*, MNC should act more actively in knowing the partners, set up the goals that benefit both parties and keep good communication. Therefore, *"if it is possible, foreign company should try to own more shares than the counterpart or convert the joint ventures to wholly owned subsidiaries. Wholly owned subsidiaries have higher efficiencies in decision-making"* (informant, HR director, Chinese).

Table 35: Transfer of HRM practices at C7 (Transportation industry)

Items	Recruitment	Training	Compensation & benefits	Performance
Foreign template	Yes	Yes	Partially	Yes
Local template	Partially	No	Yes	No
Cultural difference	Company can lower cultural impacts through good communication mechanisms			
Institutional factors	Regulatory interaction is perceived as the main restraint for transfer of HRM practices from one institutional environment to another.			
Entry modes	WOS performs better than JV in implement home-country HRM practices			
Expatriates	Practice carrier, coach, connector and commander			

5.8 Case 8 Electric industry

With more than 140, 000 employees in 190 countries, C8 is a multinational company specialized in electrical engineering and energy management. In 2011, 39% of C8's sales were gained from emerging markets. Brazil, Russia, India and China are the main revenue contributors. With the rapid business development in China, headquarter pays more and more attention to Chinese market. Since 1979, C8 has entered China with the form of representative office. From 1979 to 1985, C8's operations in China were through exportations and licenses. In 1987, C8 set up the first joint venture in Tianjin. Nowadays, C8 is employing 28,000 staff and operating various business entities in China, for instance, 5 wholly owned subsidiaries, 53 regional offices, 17 joint-ventures, 7 logistics centers, 2 training centers, 3 research & development centers, etc.

The major overseas expansion model of C8 is based on acquisitions as well as partnerships. For instance, in China, C8 has 4000 distributors, who are assisting C8 to adapt to local environment and maximizing the coverage of the end markets. Meanwhile, through selective acquisitions, especially targeting the strong players in the industries, C8 succeeds in getting fast access to local market, achieving specialist

technologies and capturing economic offering. Such strategies are proved to be very efficient and effective. Table 36 provides the overview of C8's operations in China.

Table 36: C8 in China (Electric industry)

Informant	Position in HR director, female, Chinese
Interview detail	June 20 th 2011 in Beijing, lasting for 75 minutes
Subsidiaries	5 wholly owned subsidiaries: Beijing (headquarter of C8 in Asia Pacific zone), Shanghai x 2, Guangzhou and Wuhan 17 joint-ventures: Tianjin, Suzhou, Shanxi, Wenzhou, etc. 53 sales offices, 28 factories, 7 logistic centers, 1 university, 1 institute, 3 global R&D centers, around 700 distributors and 1000 local suppliers
HR Profile	28,000 employees in China 200 HR players in China, 22 HR players in Beijing, 2 expatriates are working in C8 Beijing WOS (one is Canadian and the other is Indian) Around 100 expatriates (most of them are French citizens. Most of them are working in R&D department and marketing department)
HRM practices	Recruitment, training and development, compensation & benefits performance evaluation, public relationship management and communication

Reproduction of HRM practices at C8 China

The interview has been conducted at C8 Beijing wholly owned subsidiary, which is the regional headquarter for C8's operations in Asia-Pacific zone. The first impression towards C8 China is their office building, which is ten-storey high along with a lot of "green" decorations. Notably, these "green" symbols marry the company's strategy to employees' understanding of the organization - sustainable energy management. In addition, they provide stakeholders and consumers with visible organization specialties. Before the interview, I was received by the receptionist. Through the discussion, I found she

is pride of working at C8 China. In her words, this is an enviable job. *“C8 is a well-known French company in China. Young graduates are looking forward to working here. Within this building, we have coffee room, rest room, entertainment room, etc. The most inspiring thing is our products, which allow people to live green”*. Indeed, her strong sentiment towards C8 impressed me. It is obviously that C8’s values and strategies have been widely shared and appreciated by the employees.

During the interview, we got to know that C8 has been successively listed in the top 100 companies in China with a prestigious HR award in the last four years (from 2009 till 2012). According to the informant, standardized HRM practices are some of the main factors that contribute to these awards. However, at the early stage of transfer of these practices to China, C8 has faced with difficulties. Some of the practices did not fit for the Chinese contexts. Headquarter even considered that Chinese subsidiaries were not eager to be integrated into “one C8 family”. An example in hand is the internal recruitment program in the acquired company. Chinese employees respect hierarchical relationship and seniority. Promotions are traditionally based on age rather than competences. This was extremely typical in the Chinese state-owned companies. As it is known, internal recruitment is a good option to identify the potential employees. Meanwhile, internal recruitment can increase employees’ loyalty towards the company. However, when C8 China introduced such a practice to one of its acquired companies, it came across difficulties. In the following quotation, the informant explained the reasons related to the failure of adopting internal recruitment.

At the early days, in some of the acquired companies, the Chinese partners were lacking of competent managers and they were still using the traditional career development paths. Promotion was linked with seniority rather than performance. Some young employees were competent. But they were limited to manager positions because they were young. In fact, the

real reason was that Chinese senior people were reluctant to be managed by younger employees. Given the strong resistance from the Chinese partners, we gave it up.

Nowadays, the difficulty that indicated above is diminishing for more and more young employees join in the companies. Generally, they are well-educated and they are the major players in the workplace. However, the implementation of home-country HRM practices at C8 China is not widespread yet. For example, when the Chinese partners in the joint ventures or acquired companies have their own HRM system, which is efficient and effective, C8 China tends to accept using the existing practices. But C8 will selectively transfer some practices which are useful for the cooperation and integrates the local practices into C8 China's HRM framework step by step. Or C8 China foresees that transforming the HRM practices in the joint ventures or acquired companies will influence the harmonious environment. Instead of insisting on the foreign templates, C8 China prefers to standardize the HRM practices in a long-term period. In informant's opinion, *"transferring home-country practices to joint ventures and acquired companies, it is time-consuming. However, in the wholly owned subsidiaries, especially the greenfield ones, transfer of home-country management practices appears to be easier."*

Regarding other recruitment practices, C8 pays attention to recruit the appropriate candidates. In addition to the competencies, education background, C8 gives the priority to candidates' fits with our culture and values. In fact, this is the recruitment strategy within C8 group. Meanwhile, C8 encourages employees to have job rotations. For instance, each employee can enjoy a job rotation every three years. From the application till employee starts to work in the new department, it takes three months. In 2011, 180 employees have realized job rotations in China. Table 37 provides an overview towards C8's recruitment practice in China.

Table 37: Reproduction of recruitment practice at C8 China (Electric industry)

Involvement of Parent company	Recruitment target and budget Global recruitment of top managers and expatriates
Recruit managerial staff	By headquarter (e.g., CEO, general manager) By local HRM department
Recruit employees	By local HRM department
Job description	Standardized job descriptions are applicable in greenfield WOS but not in all of the acquired wholly owned subsidiaries and joint ventures.
Templates taken from parent company	Same selection criteria for managerial staff Similar selection criteria for employees Internal recruitment is a priority External recruitment (mainly by campus recruitment, Head hunting, Database search on job sites)
Templates from China	C8 China will not recruit the leavers, who had quitted the job and expected to come back to work for C8 China. Employment contract terms should be in line with local legislation (e.g., working hours 40 hours/week) Casual labor
Transfer methods	French flexpatriates (semi-annual and annual visit of senior managers from headquarter to Chinese subsidiaries) Diversified employees (e.g., 2 foreign HR players are working in C8 China) Job rotations Training (on-work, C8 university) Frequent communication (HR meetings through telephone & video)

At C8 China, 50% of the employees are young people and 15% of them are managerial staff. The average age is 31-year-old. Regarding the 300 fresh graduates who join in C8 Chinese operations each year, they will have 6-month training, including courses on C8 history, cultures, values, business, communication, teamwork and career plan. Such training are in line with the one at headquarter.

However, C8 China needs to provide them with some specific training in order to complete their competence. An example in hand is the training to young employees.

As it is known, under the one-child policy, Chinese young employees are single children. They are ambitious and demanding, hypersensitive to critics and they resist hierarchic rules. Meanwhile, they like to speak up in the meetings. They get discouraged easily, etc. Based on these characteristics, we should further provide them with training on interpersonal skills, communication and stress management, which allow them to control their emotions, solve problems with more patience and behavior in a disciplined way. In all, these training are not existing at headquarter.

There is another “made-in-China” training, which is specifically designed for the Chinese fresh graduates. For the worldwide subsidiaries, C8 provides selected fresh graduates with international training opportunities. From 6 months to 2 years, students will have a real job in another country, developing personal competences in the area of leadership skills, network building, problem-solving and multicultural learning. Upon completion of assignment abroad, “fresh graduates” return to their home country to apply the knowledge with a higher level of responsibility.

In reality, instead of adopting the same international training assignment, C8 China created a similar in-house training program based on the following considerations. On the one hand, Chinese fresh graduates have never worked in China. Their emotional attachments to the Chinese subsidiaries are relatively weak. On the other hand, Chinese culture has always emphasized academic excellence and self-fulfillment as the sources of family pride. Working in the developed countries is one kind of self-achievement. Therefore, in the last few years, seldom Chinese candidates that joined the international

assignments come back to work in Chinese subsidiaries later. In such a case, C8 China made adjustments to this international training program. Targeting fresh graduates who are potential talents, C8 provides each of them with a three year career path. Within three years, they have job rotations in each department in one Chinese subsidiary to accomplish some specific projects. HR players observe and follow their performance. Within the three-year-plan, they can also enjoy a short period of job rotation in other subsidiaries in other countries.

C8 China has created some other training programs targeting Chinese employees. For instance, Chinese managers are lacking of critical thinking, creative problem-solving, strategic vision and leadership. This has much referred to the Chinese education system which respects for authority and hierarchy. Meanwhile, MNCs' presences in China can only date back to 25 years ago. Therefore, the mindset of Chinese employees is relative limited. Hence, C8 trains the Chinese employees according to their weaknesses, such as leadership, presentation skills and strategic thinking.

Each year, there are two formal milestones in C8 to ensure solid performance management. The first one is annual appraisal, where employees get to understand the job expectations and how they can success the company. The second one is career and competency review, which facilitates conversation about individual career path and keeps it align with C8's targets. Each review results in an individualized training and development plan for the next 12-month period. These two practices have been implemented in all of the C8 Chinese operations.

China is an emerging market. There are a lot of opportunities. People value self-development and promotion. If companies fail to provide the opportunities to talents, they will face with a considerable turnover. For example, in China, the salary increase percentage is closely linked with GDP growth rate and industry development. In France, the salary increase percentage at C8 is around 2% at maximum.

However, in China, the salary increase is around 8%. Confirmed by the informant, the compensation & benefits practice should be localized. It must comply with the provision of local social security and welfare. Table 38 provides an overview towards the compensation & benefits practice at C8 China.

Table 38: Reproduction of Compensation & Benefits practice at C8 China (Electric industry)

Involvement of Parent company	Decide salary package for top managerial staff and expatriates Decide the bonus Validate local compensation & benefits plan
Templates taken from parent company	Salary package is composed of fixed salary and variable salary Bonus calculation
Templates from China	Propose the annual salary increase percentage to headquarter Match the salary packages with local legislations (e.g., the five “insurances” and housing fund, <i>hukou</i> handling fee, overtime payment, minimum wage, termination reimbursement, paid vacation leave and non-paid vacation leave)
Transfer methods	French flexpatriates (annual visit of senior managers from headquarter to Chinese subsidiaries) Compensation & benefits documents Training (C8 university) Constant communication (meetings, telephones, internal HR platform, etc.)

Adaptation of HRM practices at C8 China

C8's operations in China are different from other subsidiaries in other countries. First, in China, C8 owns factories, logistic centers, distribution channels, R&D centers, etc. C8 China plays a multi-role as producer, distributor, retailer and supplier. Second, C8's global expansion strategy is through partnership and acquisition. Third, China is a strategic market. In the near future, Chinese market will become the first revenue contributor for C8. In view of these characteristics, parent company authorizes

the Chinese subsidiaries to make most of the HRM decisions on their own but under C8's framework. In all, C8 China tries to implement as more home-country practices as it can in Chinese operations. But it takes time to standardize the HRM practices in all the C8 Chinese operations, namely joint ventures and acquired companies. It appears that some HRM practices are more standardized while others are localized. For instance, annual performance review has been adopted in all the wholly owned subsidiaries. Training programs and compensation & benefits are more localized. Table 39 provides an overview towards the transfer of HRM practices at C8 China.

Table 39: Transfer of HRM practices at C8 (Electric industry)

Items	Recruitment	Training	Compensation & benefits	Performance
Foreign template	Partially	Partially	Partially	Yes
Local template	Partially	Yes	Yes	No
Cultural difference	In the greenfield WOS, cultural impacts are diminishing or giving away. In joint ventures and/or acquired companies, cultural impacts can be moderated through effective communication and strong corporate image.			
Institutional factors	HRM practices should comply with local regulatory requirements. In the meantime, C8 itself has the benchmark effects. Other companies in the same industry tend to learn from C8's HRM practices.			
Entry modes	In the joint ventures or the acquired companies, if Chinese partner has efficient HRM performance or C8 can foresee that it is too difficult to transform the HRM system for the moment, C8 prefers to keep checking their HRM performance instead of insistence on implementing C8's management practices. In the wholly owned subsidiaries, HRM practices are standardized as those at headquarter.			
Expatriates	Flexpatriates are used to audit transfer performance in Chinese subsidiaries. Expatriates that work at HRM department in China will get promoted to the advanced positions once after they return to their original companies.			

Implementing C8's HRM framework in China covering 28,000 employees, it is a big project. Employees from joint ventures or acquired companies are the key concerns for C8 China. Hence, before transferring new practices or transforming any existing HRM system, what C8 do is to get employees' involved. For example, in 2010, C8 acquired a Chinese company with 3000 employees. At that time, C8 China set up a HR team to communicate with the acquired employees on what they want and concern. Meanwhile, they formalized an action plan to integrate the employees, clearly informing them "*what's my future in the company*". Then, each acquired employee had received a welcome call for their first day in the acquired company. In all, it takes one month to integrate acquisitions and it seems that the acquired employees were generally satisfied with the new jobs. For instance, according to the employee satisfaction survey (2010), 75% of the employees express their pride in working at C8 China. Hence, the major adaptation made by C8 China is to get employees committed and trust.

Then, headquarter has a strong belief on local HR players and values their contribution. There is a strong trust link between headquarter and Chinese HRM department. In particular, it is noteworthy that there is a high presence of global top management in Chinese wholly owned subsidiaries. For instance, CEO had long-term expatriation experience in China and he develops a solid understanding of Chinese market. Hence, it is relatively easier for headquarter to understand the difficulties and specific phenomena (e.g., state-owned companies, "face" issue, *hukou*, housing fund, etc.) in Chinese contexts. At the same time, Chinese HR players are empowered to adapt the foreign templates to the local contexts. They are motivated to implement home-country practices in order to keep internal coherence.

Third, flexpatriates are used to follow the transfer performance and provide problem-solving. At C8 China, HR flexpatriates pay twice visits to Chinese subsidiaries in a year. Meanwhile, two expatriates are working in C8 China HRM department. While they are ensuring the implementation of home-country practices, they are accumulating the experience in managing diversified workforce.

Fourth, C8 has a strong reputation in China. It is a benchmark company especially in the area of technical products. A considerable number of technical standards in China are drawn from C8. Meanwhile, C8 has been listed as top 100 companies where Chinese employees are willing to work. C8's benchmark effects as well as the image of best employer facilitate the implementation of parent templates in Chinese contexts.

CHAPTER FIVE SUMMARY

In this chapter, we investigated the transfer process of four HRM practices in eight focal companies. In each case study, we discussed how MNCs reproduce their HRM practices and what adaptation may be needed in order to meet the Chinese contexts. Generally speaking, each French MNC has introduced home-country practices, such as recruitment, training, annual performance review and compensation & benefits to their Chinese wholly owned subsidiaries (except case 4, which is an insurance company with the investment form as a joint venture). However, HRM practices are subject to different transfer levels. For instance, training is more easily transferred while compensation & benefits should be localized. The data show a clear indication that French MNCs insist on implementing the home-country practices in overseas subsidiaries to a considerable degree, with the belief that these standardized operations can repeat the successful experience in China. The main transfer modes are documents, training and international assignments for HR director, E-campus, frequent communication between HR team members within the group and through expatriates, inpatriates and flexpatriates.

For the coming chapter, a cross case analysis is presented. First, we summarize the key points regarding the transfer of four HRM practices in eight French MNCs. Then, we discuss three levels of evidence that have been found from the case studies, namely country level (relationship between transfer and cultural

distance), organizational level (relationship between institutional interaction and transfer, effect of entry mode towards transfer of HRM practices), and individual level (role of expatriates in transfer process).

CHAPTER 6

CROSS ANALYSIS ON THE EIGHT FRENCH MNCS

To better understand the transfer of HRM practices, chapter 6 will firstly summarize the transfer outcomes concerning the four specific HRM practices, which are recruitment, training, compensation & benefits and annual performance review. Afterwards, we analyze how and why transfer outcomes are similar or differ from one case to another. Hence, a discussion on the relationship between transfer and cultural distance, transfer and institutional interactions, transfer and entry modes as well as the roles of expatriates in the transfer process is presented.

6.1 HRM practices in the eight French MNCs

Generally speaking, each French MNC has introduced the four types of HRM practices to its Chinese wholly owned subsidiaries (except case 4, which is a joint venture). However, HRM practices are subject to different transfer levels. The main transfer modes are documents, training, E-campus, frequent communication between HR team members within the group and through expatriates.

Recruitment: our findings show that there is a high involvement of French parent companies in the transfer of recruitment practice. Seven cases point out that parent companies decide the annual recruitment budget for the subsidiaries, provide the selecting criteria and standardized job descriptions,

and propose the recruitment tools (internal recruitment as employee referral and self-recommendation through intranet; external recruitment mainly concentrates on campus staffing).

Specifically, among the eight companies, top managerial staff (e.g., CEO and general manager) and expatriates are centrally recruited by headquarters. These employees enjoyed the same treatments as those in France or at other subsidiaries, notably the compensation & benefits. For functional directors, six cases indicated that their parent companies needed to verify and approve the staffing proposals (except C4 and C8). As for the recruitment of employees and other functional managers, parent companies provide the recruitment framework and authorize each subsidiary to do its staffing. Subsidiaries should explain to their headquarter how they recruited the candidates and kept procedures documented. Campus recruitment is a widely used tool in the eight companies. In addition to recruit fresh graduates from Chinese and/or foreign universities, companies attached their preferences to the candidates who fit comfortably into their corporate cultures. These two recruitment strategies contributed to the loyalty-building within each group.

Two major differences are identified when we compare the local recruitment practice with that at the parent companies. First, eight companies are using casual labors. These employees work in the Chinese wholly subsidiaries (or joint venture as with C4 China) but their employers are dispatching companies, such as FESCO (Foreign Enterprise Service Company). In China, using casual labor is a widespread mode for MNCs. Two reasons push MNCs to use casual labor. On the one hand, casual labors can meet the employment needs for peak season. On the other hand, the regulations in China are still in flux. Informants frequently mentioned that regulations could change from one city to another. In particular, there are always exceptions which are not in line with existing laws. Using casual labor can prevent MNCs from labor disputes, delicate termination procedure, complex “five insurance system”, etc. By contrast, with a relatively strong government relationship, FESCO is more competent in dealing with

negotiation, arbitration and/or litigation with casual labor. Second, contract terms must be adapted to Chinese labor law, for instance, probation length, 40 working hours per week, compensation & benefits must be in line with local regulations, contracts in Chinese version, and so forth.

Overall, recruitment practices in seven of our cases followed their parent companies' templates closely but they could not be reproduced identically in China. Adaptation is necessary due to the different institutional contexts and entry modes. For example, C4 was obligated to set up a joint venture with a government-recommended partner on a 50-50% basis. The Chinese shareholder is a strong state-owned company in terms of its national marketing network. However, it is characterized by bureaucracy, hierarchy and *guanxi* (network) orientation. In particular, Chinese shareholder is authorized to take charge of human resource management. The recruitment of managerial staff at C4 focuses less on objective criteria but more on mutual relationship. A similar situation also existed in the seven other cases regarding their joint ventures. For instance, C1 has a joint venture with one state-owned company in Ha Er Bin (C1 holds 20% of the ownership). C1 shares HRM policies and documents, from updated business model to practical HRM skills. C1 even provides training to the HR team members in Ha Er Bin. But there still remain the issues of learning capacity and learning willingness.

Obviously, entry modes limit the transfer of HRM practices. However, our findings reveal that joint venture partners can affect the transfer process, too. If the partners are state-owned companies, they face to some extent less direct pressures in terms of market competition because they enjoy preferential policies from the Chinese government. As a consequence, Chinese shareholders will not be keen to learn the foreign management's know-how.

Training: confirmed by the informants, training plays an important role in building one community within the group while promoting the corporate culture as knowledge-sharing. Furthermore, Chinese employees prefer standardized training programs which make them feel that they belong to one big family. They place high value on training, especially the international training program. They perceive that home-country training programs can meet the international standards. Hence, the transfer of training practice to Chinese subsidiaries is proven to be applicable.

Generally speaking, each company has some specific training tools, which are closely in line with the ones at headquarter. For instance, the common training tools that are used by the eight companies include documents, job training (videos and internal magazines), training abroad and international assignments (except C4), and E-campus. In order to improve training performance, informants mentioned that they organized some training in Chinese, too. At the same time, companies introduced some local examples to make training understood.

In particular, each company has some interesting tools. A case in hand is C3, which is a food processing company. At C3, parent company organizes a “practice marketplace” each year in a different country. Subsidiaries thus get a chance to introduce their own projects and get fresh ideas from external colleagues to improve themselves. In the marketplace, C3 strives to promote knowledge sharing, teamwork on problem-solving and innovation. Transfer of practices becomes a cultural attitude in the group. Employees are willing to share their successful experiences in the “marketplace”, searching solutions and building network. Another example is from C2 (aerospace and defense industry). Each year, parent company organizes a special group-wide training in different countries. Through the intensive training, newly promoted managerial staff can get an overview of group’s business and strategies, establish network and build the sense of C2 global family. When we look to C4 (insurance industry), both shareholders participate in organizing training but the forms and focus of training are

different. The French shareholder provides the training on the basis of performance review. The Chinese shareholder prefers to organize less formal training, such as general training plus entertainments (e.g., lunch, dinner, karaoke) in a hotel during a weekend. At C8 (electric industry), an individualized training and development plan for the next 12-month period is set after the career and competency review. At C7 (transportation industry), employees can enjoy training in seven areas, such as sales, design, engineering, technique, process advancement, quality and marketing. At C6 (chemical industry), parent company uses indicators to manage training performance within the group, which include the existence of a training plan, number of days of training (total and per employee), percentage of employees who had training per year, training costs, and audit results of training effectiveness (a documented evaluation for all the trainees). C5 has a talent-building program. In addition to sending engineers to Europe for short-term training, C1 offers Chinese employees the opportunities to work in other subsidiaries in other countries between 18 months and 3 years.

Compensation & benefits: At the beginning, performance-based salary system and related promotion criteria have created a culture clash for the Chinese staff. For instance, this system is in contrast with Chinese traditional culture such as respecting seniority. However, it is proved to be the appropriate system to increase corporate and individual performance. In particular, more and more companies adopt the performance-based salary system. Chinese employees have to get used to it.

It is important to note that the introduction of performance-based salary system does not mean replacing the existing system with home-country practice. As it is confirmed by all the informants, they have implemented the performance-based system in the Chinese subsidiaries. However, how to pay for compensation and benefits should be closely linked to local market. Parent companies only involve in proposing percentage for bonus and profit sharing, deciding the annual budget and compensation &

benefits package for top managers and expatriates, validating the compensation & benefits proposal from Chinese subsidiaries and/or joint ventures. The eight cases reveal that their payment level ranks in the medium or upper level in the Chinese market. Differences are found in regard to the contents of compensation & benefits. For example, Chinese subsidiaries mainly make the following three adjustments.

First, Chinese subsidiaries increase the fixed-salary portion and lower the variable payment. In the meantime, salary links more to the realization of team objectives and seniority than individual contributions. This result may reflect MNCs' learning about Chinese culture, which values collectivism and age hierarchy. Second, Chinese subsidiaries provide the "five insurances" (pension, medical, work-related injury, unemployment and maternity insurance) and a housing fund. Specifically, the housing fund is a "made-in-China" benefit and employees are free from this payment. When the company can pay a higher amount of housing fund, it becomes more attractive to the candidates and employees. Simply, buying houses on credit is still a fairly recent phenomenon in China. However, housing prices have grown out of control in the last decade. Even the Chinese government has made efforts to cool the market but most young people still have difficulties to afford a house. Hence, the housing fund is warmly welcome by the Chinese people. In our research, the amount of housing fund varies among the interviewed companies but it usually comprises between 7% and 13% of employee's salary.

There are other benefits which are offered exclusively in China, such as heating fee, free canteen (breakfast, lunch and dinner), a *hukou* handling fee and a pension plan for employee's parents. Take *hukou* handling fee for example, the *hukou* required by Chinese law is a household registration or resident permit to identify a person as a resident of an area. The young graduates can work in other cities instead of origins of *hukou*, but they will face with problems related to social welfare. In particular, their children have to pay a tremendous sponsorship fee if they want to attend a school in areas other than

their origins of *hukou*. In order to attract and retain the talents, Chinese subsidiaries care not only employees but also their families. Hence, informants frequently take *hukou* into consideration and pay a *hukou* handling fee.

Third, the offer of share options is not widely adopted among the eight companies. Some subsidiaries offer shares but only to few top managerial positions. C1 offered ten shares per employee to celebrate its ten-year presence in China. But Chinese regulations affected this transfer of benefits. According to Chinese labor law, foreign companies should firstly get the approval from the Chinese government regarding the offer of shares. Then, with the certification, employees are allowed to own shares. However, casual labors are not entitled to this benefit because they are recruited by the dispatching company. Hence, transferring such a benefit to Chinese subsidiaries became complicated for C1 used casual labors. On the one hand, C1 must explain the delicate situation to headquarter, asking the permission to provide casual labors other benefits instead of shares. On the other hand, C1 should figure out what benefits could replace the value of shares. Informant therefore stated “*I was not strong enough to refuse this practice but it made no sense to transfer it. Simply, it was in contrast to Chinese labor law*” (C1, Aviation Industry, HR Director, French, Beijing).

Annual performance review: results show that annual performance interview between immediate supervisor and employee is widely used in all companies. However, practice as 360° performance review is rarely used. The same result can be found in Jaussaud and Liu’s work (2011).

At the beginning of introducing this practice to Chinese subsidiaries, employees showed strong resistance and hesitation. From the perspective of managers, in order to keep harmonious interpersonal relationship within the company, they tended to hold benevolent leadership and provided so-so evaluation result. They were not comfortable to be evaluated or to give negative comments. From the

perspective of employees, they were sensitive to any comment. In particular, the negative results would make them feel a loss of “face”. In light of this, implementation of annual performance review was not a one-step transfer. It took time for Chinese employees to accept and get used to it.

As a result of employees’ resistance and hesitation, HR team members and top executives should introduce this practice through meetings and documents progressively, emphasizing the importance of annual performance review. For instance, based on the review, HRM department can better plan career development for each employee. And this is an opportunity for employees to express their willingness and expectations towards their jobs. Furthermore, introducing some real examples can make the arguments more trustful. In the meantime, it is important to train managers regarding their mindsets, communication skills and detailed information of evaluation indicators.

The previous discussion shows that French MNCs transfer the HRM practices to their Chinese subsidiaries to a considerable degree. To answer the first and second research questions (“*whether MNCs can transfer home-country HRM practices to their Chinese subsidiaries easily? Which HRM practices are more likely to be transferred*”), we find that it is possible to transfer HRM practices from French parent companies to their Chinese subsidiaries but there exist different levels of transfer. This result is in line with previous research by Myloni, Harzing and Mirza (2004). For instance, annual performance review can be introduced to China through progressive steps. Training practices meet with few difficulties to be implemented in Chinese contexts. Some of the practices, such as compensation & benefits, should be localized. Salary package should be adjusted in response to Chinese labor law, market level and cultural norms. It is possible to transfer the recruitment practice. But Chinese subsidiaries are under the institutional pressures to adopt the perceived good practice, such as using casual labors.

Furthermore, it appears that some HRM practices are more affected by the institutional interactions than others. This can be an alternative explanation to support our result on HRM practices have different transfer levels. For example, recruiting staff in China can be a complicated task, which is greatly influenced by the labor law. As a result, multinational companies cannot introduce the home-country recruitment tools to the Chinese subsidiaries identically. MNCs must understand the Chinese labor market and its specific regulations, making sure that the contract terms, termination events, written payroll details, using casual labors as well as dealing with disputes are legal. By contrast, training practice has fewer concerns regarding this aspect.

6.2 Country-level observations: Transfer and cultural distance

In this session, we continue to elaborate the ways of adapting the HRM practices in a foreign market. Continuing from the previous discussion, we emphasize that the adaptation of HRM practices is a market-learning process. In the reality, the effect of cultural differences is moderated while institutional interactions and entry modes affect as far as the transfer is concerned. Meanwhile, we identify the role of expatriates in the transfer process.

Cultural distance: informants frequently mentioned their learning and awareness of the cultural differences between France and China. For instance, the work culture in China values high power distance. There are clear authority structures. Chinese employees pay attention to “face” issue (e.g., self-dignity, job titles in the company, etc.). Respecting elders and seniors still matters a lot in China. In the workplace, employees will not openly argue with superiors. Chinese employees prefer collective decisions and group harmony. They value the sense of group affiliation...Considering these cultural differences, we cannot help asking: do cultural differences affect the transfer of HRM practices?

All the companies have a long presence³ in China (except case 4). Therefore, they have accumulated certain experiences in “dealing with” Chinese cultures. For instance, during the annual performance review, C2 avoids telling Chinese employees that they are not qualified but emphasizes how to further develop their weak points to achieve better performances. This adaptation hints that C2 pays attention to “face” issue by avoidance of communicating the negative aspects directly.

In the meantime, HR team is localized. Five cases among the eight have Chinese HR directors. Local personnel can offer solutions for cultural conflicts. HR players play the role of cultural teacher for MNCs. Then, Chinese culture itself can also ease the transfer process. The general focus of Chinese culture is the sense of order, collectivism, respecting hierarchical society and intellectuals, etc. These cultural characteristics lead to obedient subordinates and attention towards the internal harmonious interpersonal relationship. *“Chinese employees tend to consider their supervisors and managers as the reference. They are ambitious to become competent. Hence, transfer of home-country practices is welcomed by the Chinese employees.” (C5, Energy Industry, HR director, Chinese, Beijing).* Furthermore, we notice that the recruitment strategy in seven companies shows its advantages. As previously mentioned, seven companies show their preference to recruit fresh graduates and/or candidates who hold sentiments toward France and/or who has worked/studied abroad. *“These employees are relatively easier to train and appreciate our company culture. They will establish their cognitions and beliefs towards the particular practices with less/no own judgments” (C1, Aviation Industry, HR director, French, Beijing).*

³ All the companies have presented in China for more than 17 years, regarding their first establishment of a joint venture and/or wholly owned subsidiary. The Chinese insurance market opened to foreign investors in 2005. C4 (French insurance company) was a pioneer in this industry because it set up a joint venture in China in 2005.

Hence, concerning the research question on how cultural differences affect the transfer of HRM practices, in particular, whether cultural distance is relevant for the transfer of HRM practices in French MNCs in China, our answers are shown as follows.

Through the empirical analysis of the eight cases, we find that French MNCs have high awareness of cultural differences between China and France. Their long presences in China and constant organization learning on Chinese cultures ease the transfer of HRM practices. Meanwhile, foreign management practices are the “selling points” for MNCs. As previously mentioned, Chinese employees are under the expectations from parents, family and community. Being considered as excellence is one important indicator in Chinese context. Chinese employees look high on self-progress and development. Therefore, they are keen to learn international standards. They suppose that working in MNCs can enrich their CV and advance their careers. Furthermore, Chinese cultures still look high on collectivism and high power distance. Chinese employees are relatively comfortable to accept the transferred practices without questioning. Hence, in Chinese contexts, cultural differences exist but their impacts are diminishing or giving way to a range of other institutional forces by constant organization learning. Such a finding is in line with the result proposed by Chiang and Birtch (2007), who state that cultural impacts towards rewards preference are lower than beforehand.

6.3 Organization-level observations: Institutional interactions and entry modes

Empirical evidence – Institutional interactions

The updated labor law took effect on January 1st, 2008, which put a lot of efforts in better regulating the Chinese employment system. One of the big changes in the new labor law is the length of probationary period. The new labor law sets a probation period provision to prevent employers from using the long-term or multi-probation periods. Simultaneously, the new labor law regulates the salary in the probation

period, which should not be less than 80% of the fixed salary in the labor contract or lower than the minimum salary for the same post. All the employees must sign the employment contract, and only Chinese version is valid.

It emerged from the interviews that the institutional interactions in regard to Chinese regulations were mostly considered as the barriers in the transfer process. In fact, for each MNC, it is easy to understand the necessity to adapt the labor contracts to local regulations. However, in China, *“the same regulation will be implemented in a different way at different levels of government and in different regions”* (C3, Food Industry, HR Director, Chinese, Shanghai). Hence, all the informants stated their confusions toward the Chinese labor law, notably the transparency and various exceptions that are in contrast to the regulations. For instance, workers from the acquired companies have no labor contracts (such a problem exists at C3, C5, C6 and C8). Companies therefore, must first establish a contract system for these employees. *“This is a time-consuming procedure. We need a lot of communication with workers themselves and we must get approvals from the labor union and institutions which are in charge of five-mandatory-welfare system”* (C8, Electric Industry, HR Director, Chinese, Beijing).

As a result, our findings reveal that institutional interactions will lead to transfer misfit. Adaptations are necessary. This evidence is in line with previous research by Kostova (1999), DiMaggio and Powell (1991), Becker-Ritterspach (2005) and Scott (2007). In order to lower the misfits, *“we should work closely with local HR team members. And it is important to hire Chinese specialists who are capable to handle the relationships with different institutions, for instance, the dispatching company.”*(C2, Aerospace and Defense Industry, HR Director, French, Beijing).

Consequently, concerning the question on how institutional factors affect the international transfer process, our study confirms that institutional interactions (different institutional conditions and demands)

have substantial impacts on transfer output. Chinese regulations are by far the most influential factors to push MNCs to adapt their HRM practices to local contexts. Interestingly, according to our data, French MNCs consider that standardized HRM practices can repeat home-country successful experiences in China. Most of our informants recommended keeping international HR policies and practices in China. They intend to adapt less to local contexts. They will make the adjustments only when they face with practices' misfits, for instance, in reference to the new labor law, merger and acquisition or the practices cannot meet the expectation of market performance and employee satisfaction. Overall, given that regulations are still in flux, it is important for MNCs to keep organization learning in order to understand the updated environment complexity and differences.

Empirical evidence – entry modes

In our research, seven cases among the eight have both entry modes (joint venture and wholly owned subsidiary) while C4 has a joint venture only. Being either a joint venture or a wholly owned subsidiary has its own advantages. For instance, joint venture allows MNCs to get access to local market, set up business connections and gain government relationship (e.g., *guanxi*). Despite the potential advantages, it appears that joint venture is not an ideal mode for transferring the HRM practices from parent company to the Chinese subsidiaries. Several reasons attribute to this phenomenon, for instance both parties have different company profiles, namely the management practices, corporate culture and values, stage of internationalization, level of maturity, strategic perceptions, employees' qualification, etc. These differences shape the transfer constraints. By contrast, our finding shows that wholly owned subsidiaries are proved to have more facilities in transferring home-country templates. This evidence is also found in the previous research by Bresman and Birkinshaw (1999) and Meyer (2001). Seven cases among the eight have established standardized HRM systems in their Chinese wholly owned subsidiaries. All the

informants emphasized that they avoid setting up joint ventures. Inevitably, wholly owned subsidiaries are generally simple and under better control. This is also confirmed by Jaussaud and Schaaper (2006), who demonstrate that the development of MNCs in China avoids joint ventures and strives to develop new activities through wholly owned subsidiaries merely.

Hence, concerning the question on how entry modes impact the transfer output, our answer is wholly owned subsidiaries performs better than joint ventures in transferring the HRM practices. According to the empirical results, all the French MNCs have joint ventures in China. They came across more or less constraints on the adoption of foreign practices. If the general manager in the joint venture is French or French partner holds more shares or French partner is in charge of human resource management, it will help to standardize the practices in an efficient way. If the general manager is Chinese, using a third language (e.g., English) to discuss business will easily cause misunderstanding and misinterpretation. Lastly, if the establishment of a joint venture is required by the regulations, it is important to cooperate with an appropriate partner. If the Chinese shareholder(s) is (are) not facing with direct pressures from the market, such as the Chinese state-owned companies, they are less likely to accept the foreign know-how seriously.

6.4 Individual-level observations: Expatriates' roles in the international transfer

Our study shows that French MNCs employ a considerable number of expatriates in their overseas operations in China. Six cases among the eight have French general managers. Three cases among eight have French HR directors. In short, expatriates positioning in general manager and HR director are widely used in French subsidiaries in China. It emerges from the interviews that French MNCs will continue to employ parent country national as the general manager in their Chinese subsidiaries, which is a finding in line with previous empirical findings (Harzing, 2001; Belderbos and Heijltjes, 2005; Gaur,

Delios and Singh, 2007). We consider that parent country nationals' managerial experiences and recognitions towards headquarter's operations can guide and ensure the implementation of home-country HRM practices in Chinese subsidiaries. Their roles in international transfer are practices carriers, coaches, controllers and coordinators.

Despite the potential advantages of expatriates, we should note that employing expatriates is relatively expensive. Moreover, sometimes, it is difficult to get competent expatriates to work in overseas operations. Therefore, there is a tendency for French MNCs to use Chinese HR director and/or inpatriates. This finding is in line with work by Schaaper and his colleagues (2012). As an example in hand, C6 parent company organizes a program named "knowing C6". This is a nine-month-mission. Potential Chinese employees are selected to work at headquarter or at other well-developed subsidiaries. Parent company expects that the expatriated Chinese employees can spread his/her knowledge once they come back to China. This is what they call "*C6's way of dissemination*" (*C6, Chemical industry, HR Director, French, Shanghai*). Overall, five cases among the eight have Chinese HR directors. They not only reproduce parent company's HRM practices in Chinese operations but also adapt them to comply with local employment regulations and cultural norms. Except C4, all the Chinese HR directors have training at headquarter. Hence, Chinese HR directors are considered as practice trainers, culture teachers and coordinators in the subsidiaries.

Besides expatriates and inpatriates, all the MNCs sent flexpatriates to visit Chinese subsidiaries (except case 4). During their stay in China, they supervise the local operations, audit performance, map the difficulties, offer solutions, transfer new practices and train local employees. Thus, we confirm scholars' findings (Tahvanainen, Welch and Worm, 2005; Mayerhofer, Hartmann et al., 2004; Amann, Jaussaud and Schaaper, 2013), which show that MNCs send flexpatriates to provide overseas operations with targeting supports with short-term assignments. Furthermore, in our research, we found that

flexpatriates' trips to China are to make full use of their expertise towards host country and/or prepare their advanced promotion within the group. As an example in hand, CEO from case 8 had worked in China for several years as an expatriate. After the repatriation, he occupied a strategic position at headquarter while became a flexpatriate to Chinese subsidiaries. Nowadays, he is the CEO and he attaches considerable attention to Chinese operations. For instance, newly Chinese general manager has been promoted as a board member and C8 China is the sub-headquarter for Asia-Pacific zone. The same experience can be found from CEO of C1, who had been working as a general manager in China before this promotion. From the table below, one can see that the adoption of expatriates, inpatriates and flexpatriates in the eight French MNCs in China.

Table 40: Expatriates, inpatriates and flexpatriates in the eight French MNCs in China

Item	General Manager	HR Director	Inpatriate GM	Inpatriate HR	Flexpatriate (executives)
Aviation	PCN	PCN	No	No	Yes
Aerospace	PCN	PCN	No	No	Yes
Food	HCN	HCN	No/Yes #	Yes	Yes
Insurance	PCN	HCN	No	No	Yes/No *
Energy	PCN	HCN	No	No/Yes #	Yes
Chemistry	PCN	PCN	No	No	Yes
Transport	PCN	HCN	No/Yes #	Yes	Yes
Electric	HCN	HCN	No	No/Yes #	Yes

Note: GE means general manager, HR means HR director, * means the use of flexpatriates is not regularly based. # means either general manager or HR director is not an inpatriate but they have training experience at headquarter. PCN means parent country national. HCN means host country national.

CHAPTER SIX SUMMARY

This chapter has presented a broad comparison of transfer outcomes between the four HRM practices (recruitment, training, compensation & benefits, annual performance review). Our study shows that HRM practices are subject to different levels of transfer and some HRM practices are more affected by institutional interactions than others. Then, we described how factors as culture, institutional interaction, entry modes and expatriates affect the transfer of HRM practices. Instead of cultural differences, our empirical finding shows that institutional factors and entry modes matter the transfer outcome. We finally identified expatriates' roles in the international transfer.

The coming section is conclusion, which comprises a discussion of core findings with relative managerial implications, a summary of limitations and some aspects for further research.

GENERAL CONCLUSION

Our research identifies the transfer profile of HRM practices in French MNCs. We extend the previous work in the area of HRM internationalization, organization learning, standardization, localization and adaptation. We explain how factors originating from culture, institutional interactions, entry modes and expatriates affect the international transfer. We provide a comprehensive account for understanding the reproduction of French HRM practices and adaptation in Chinese contexts. In the conclusion, we will firstly discuss managerial implications related to the major findings. Then, we describe the limitations in this work and provide some aspects for further research.

CONCLUSION GÉNÉRALE

Notre recherche identifie le transfert des pratiques de GRH dans les multinationales françaises. Nous prolongeons les travaux antérieurs dans les domaines de la GRH à l'international, de l'apprentissage organisationnel, la standardisation, la localisation et l'adaptation. Dans l'ensemble, notre constat identifie le processus de transfert des pratiques de GRH dans huit multinationales françaises. Nous expliquons comment les facteurs comme la culture, les interactions institutionnelles, les modes d'entrée et les expatriés affectent le transfert international. Nous fournissons un compte rendu le plus exhaustif possible pour comprendre la reproduc-

1. Core findings and managerial recommendations

Our major contribution offers insights towards the transfer of HRM practices in French MNCs. Based on the core findings, we provide foreign companies with following managerial implications.

First, our research demonstrates the importance of organizational learning in international transfer activities, namely recognizing the local cultural and institutional contexts. With the ongoing globalization, more and more MNCs tend to use employees with diversified profiles. It is vital for MNCs to recognize the cultural incommensurability and bridge it with the corporate culture. Therefore, MNCs should, on the one hand, keep on culture learning and adopt

tion des pratiques de GRH françaises et l'adaptation dans le contexte chinois. Dans cette conclusion, nous allons d'abord discuter des implications managériales liées aux résultats. Ensuite, nous citons les limites de ce travail et suggérons les perspectives futures de recherches.

1. Les apports de la recherche et recommandations managériales

Notre contribution majeure offre des aperçus sur le transfert des pratiques de GRH dans les multinationales françaises. Sur la base de ces résultats, nous proposons aux multinationales françaises quelques recommandations comme suit.

Tout d'abord, notre recherche montre l'importance des études organisationnelles dans les activités de transferts internationaux, à savoir reconnaître les contextes culturels et institutionnels locaux. Avec la mondialisation en cours, de plus en plus les multinationales ont tendance à utiliser les employés ayant des profils diversifiés. Il est essentiel pour les multi-

diversity management in order to integrate the differences among the employees, which, as a kind of paradox, leads eventually to almost worldwide standardized practices. On the other hand, MNCs should pay attention to recruit the appropriate candidates. In addition to the competencies and professional profile, MNCs should give a priority to candidate's fit with corporate culture and values.

Furthermore, our work highlights the detrimental impact of institutional interactions and entry modes towards the transfer of HRM practices. It appears that regulatory interactions are the main factors to produce divergence effect towards HRM practices. Drawn from the empirical findings, French MNCs intend to retain the standardized HRM policies and practices in China. They make adaptations in order to meet the local requirements of Chinese labor law. The big challenge for MNCs is how to react appropriately to the regulatory inconsistencies in China. As previously mentioned, Chinese legislation requirements

nationales de connaître les différences culturelles. Ainsi, les multinationales devraient, d'une part, continuer à apprendre de ces cultures et adopter une gestion de la diversité dans le but d'intégrer les différences entre les employés. Mais ceci, c'est comme une sorte de paradoxe, conduit finalement à des pratiques standardisées dans le monde entier. D'autre part, elles devraient recruter les candidats appropriés. A part des compétences et le profil professionnel, les multinationales devraient donner la priorité au choix des candidats qui partagent la même culture et les mêmes valeurs que l'entreprise.

A maintes reprises, notre travail constate l'impact négatif des interactions institutionnelles et des modes d'entrée vers le transfert des pratiques de GRH. Il semble que les différences réglementaires sont les facteurs principaux produisant des effets de divergence au sein de la GRH. Les multinationales françaises souhaitent conserver les politiques et les pratiques de GRH standardisés en Chine. Mais elles font des adaptations afin de répondre aux exigences

change from one city to another and there are always exceptions, which are not in line with the laws. Moreover, MNCs may have to set up joint ventures in some specific sectors. Sometimes, the Chinese government will even recommend the partners to foreign investors. In such a case, it is extremely important for MNCs to recognize the local institutional environment and know the Chinese partners. Organizational learning allows MNCs to be aware of and comply with the local legislation requirements while establishing mutual relationship with the Chinese partner(s).

Second, our findings reveal that local HR players offer valuable supports in implementing home-country management practices in Chinese contexts. French MNCs intend to promote Chinese inpatriates and talents to the position of HR director. Simply, Chinese inpatriates and/or talents can offer MNCs with adaption for home-country HRM practices and facilitate the organizational learning. It is easier for them to understand Chinese legal requirements, coordinate the employees by speaking the same

locales du droit du travail chinois. Le grand défi pour les multinationales est de savoir comment réagir de manière appropriée à la complexité voire l'incohérence réglementaire en Chine. Comme mentionné précédemment, les exigences de la législation chinoise changent d'une ville à l'autre et il y a toujours des exceptions, qui ne sont pas en conformité avec les lois. Ensuite, les multinationales peuvent avoir à créer des coentreprises dans certains secteurs spécifiques. En outre, le gouvernement chinois va recommander des partenaires d'investisseurs chinois aux étrangers. Dans un tel cas, il est extrêmement important pour les multinationales de reconnaître l'environnement institutionnel local et connaître les partenaires chinois. L'étude organisationnelle permet aux multinationales de prendre en compte et respecter les exigences de la législation locale tout en établissant des relations mutuelles avec les partenaires chinois.

Deuxièmement, nos résultats révèlent que les ressources humaines locales apportent une

language, and map the incompatibilities between transferred practices and local ones. They are the ones who are familiar with the local market. They can offer the expertise and solutions which are appropriate to ease the transfer process. In particular, Chinese inpatriates have working/training experience at headquarter, which allow them to better understand the operations at headquarter and implement the home-country management practices to China appropriately. Given that Chinese employees place high value on international assignments and it is a long-term consideration towards “learn global and act local”, MNCs should put more efforts in training inpatriates to operate HRM in Chinese operations. In return, Chinese talents (including inpatriates) will become more motivated to integrate the employees and apply the home-country practices to the host country in an appropriate way. Hence, it is very important to work closely with the HR team members, especially the local ones. They can not only

contribution précieuse dans la mise en œuvre des pratiques de gestion du pays d'origine dans le contexte chinois. Les multinationales françaises ont l'intention de promouvoir des impatriés et des talents chinois en position de directeur des ressources humaines. Ainsi, ce personnel local permet aux multinationales, avec l'adaptation des pratiques de GRH du pays d'origine, de faciliter l'étude organisationnelle. Il est plus facile pour eux de comprendre les exigences légales chinoises, de coordonner les employés en parlant la même langue, et de cartographier l'incompatibilité entre les pratiques transférées et celles locales. Ce sont eux qui connaissent le marché local. Ils peuvent offrir l'expertise et les solutions qui sont appropriées pour faciliter la procédure de transfert. En particulier, les impatriés chinois ont eu l'expérience des travaux et les formations à la maison mère, qui leur permettent de mieux comprendre les opérations et de mettre en œuvre les pratiques de gestion du pays d'origine en Chine. Étant donné que les employées chinoises

facilitate the organization learning but also improve the transferability of management practices that stem from headquarter to Chinese subsidiaries.

Third, our findings identify the influential roles of expatriates and flexpatriates in international transfer of HRM practices. French MNCs employ a considerable number of parent country nationals to work in Chinese entities. They have either long-term assignments or short-term assignments. China market shows strategic importance to MNCs, in terms of its market contribution, ongoing potential growth, labor cost, etc. Given that China is geographically, culturally and institutionally different from France. For the sake of control and coordination, expatriates' presences in Chinese subsidiaries can ensure that local operations are in line with corporate strategies, where HRM practices are being concerned. It appears that French MNCs will continue to use expatriates for the position of general manager in China while adopting flexpatriates on short-term assignments, which

donnent une grande valeur à des missions internationales, c'est une considération à long terme « d'apprendre global et agir local ». Les multinationales devraient mettre plus d'efforts dans la formation des impatriés pour appliquer la GRH efficacement en Chine. De ce fait, les talents chinois (y compris les impatriés) seront plus motivés à intégrer les employés locaux et appliquer les pratiques du pays d'origine au pays d'accueil. Par conséquent, il est très important de travailler en étroite collaboration avec l'équipe des ressources humaines, en particulier celles locales. Elles peuvent non seulement enrichir les connaissances des multinationales, mais aussi améliorer l'utilisation de ces pratiques de GRH transférées au sein des filiales en Chine.

Troisièmement, nos résultats permettent d'identifier les rôles des expatriés et flexpatriés dans le transfert international des pratiques de GRH. Les multinationales françaises emploient un nombre considérable de au sein de leurs filiales en Chine. Ils ont soit des missions de

are proved to be flexible and cost-effective. MNCs can use them to track transfer performance, provide immediate supports in response to the difficulties, and introduce new practices to Chinese subsidiaries while establishing a close network between headquarter and local HRM department. In all, we recommend that MNCs should employ expatriates to occupy strategic roles in the subsidiaries (Amann, Jaussaud and Schaaper, 2013), such as the position of general manager. Meanwhile, in order to lower the cost and facilitate the transfer of management practices, we encourage MNCs to use flexpatriates to follow and support the implementation of home-country HRM practices in China.

Fourth, we encourage MNCs to continue working with dispatching companies. These companies have the expertise and experiences in handling the relationship with central government and various institutions while assisting the MNCs to deal with Chinese labor law.

longue durée soit des contrats à court terme. Le marché chinois représente une importance stratégique pour les multinationales en termes de revenu, de potentiel de croissance, de coût de la main- d'œuvre, etc. Malgré les points positifs, la Chine est géographiquement, culturellement et institutionnellement différente de la France. Pour des raisons de contrôle et de coordination, la présence des expatriés dans les filiales en Chine peut faire en sorte que les opérations locales sont liées avec les stratégies d'entreprise. Il semble que les multinationales françaises continueront à utiliser des expatriés pour le poste de directeurs généraux en Chine tandis qu'elles optent pour des missions de courte durée en plus, qui se révèlent être flexibles et rentables. Les entreprises multinationales peuvent utiliser des flexpatriés pour suivre les performances de transfert, de fournir un soutien immédiat en cas de difficultés, et d'introduire de nouvelles pratiques au sein des filiales en Chine tout en établissant un étroit réseau entre services centraux et locaux du département GRH. Dans

Lastly, it emerges from the findings that the more diversified the transfer mechanisms are, the easier it is to get practices transferred. For instance, organizing a “practice marketplace” or group-wide training receives positive feedbacks from employees. Let transfer of practices be fun and become a cultural attitude in the group. Therefore, global HR team and local HR team should work together through constant communication, in order to create interesting tools and channels to transfer HRM practices.

l'ensemble, nous proposons que les multinationales emploient les expatriés pour occuper un rôle stratégique dans la gestion de la filiale (Amann, Jaussaud et Schaaper, 2013), tels que les directeurs généraux des filiales en Chine. Afin de réduire les coûts et faciliter le transfert des pratiques de gestion, nous proposons aux multinationales également d'employer des flexpatriés, de suivre et de soutenir la mise en œuvre des pratiques de GRH des maisons mères en Chine.

Quatrièmement, nous proposons aux multinationales de continuer à travailler avec des entreprises de travail temporaire. Ces entreprises ont des expertises et expériences dans le traitement des relations avec le gouvernement central et les diverses institutions et ainsi peuvent aider les multinationales à faire face à la réglementation du travail chinois.

Enfin, il ressort des résultats que les mécanismes de transfert les plus diversifiés sont les plus efficaces à transférer les pratiques. Par exemple, l'organisation d'un «marché de la

pratique » ou « journée découverte » reçoit en retour des avis positifs de la part des employés.

Le transfert de pratiques doit devenir une attitude culturelle dans le groupe. Par conséquent, l'équipe des ressources humaines de la maison mère et celle des ressources humaines locales devraient travailler ensemble par des communications constantes et créer des outils et des méthodes intéressantes pour transférer les pratiques de GRH.

2. Limitations and further research

This research is with some limitations. First, in spite of limited time and financial supports, and particularly because it is difficult to get access to all the HRM information in the companies, our sample only covers eight different French MNCs. To some extent, this is a relatively small sample size.

This work is also limited by its informants. We assume that general manager and/or HR director have/has the knowledge and experiences to provide us with expertise information. However,

2. Les limites de la recherche et les perspectives futures

Cette recherche, comme toute recherche doctorale, comporte des limites. Tout d'abord, en dépit du temps limité et des contraintes financières en particulier, il est difficile d'avoir accès à toutes les informations utiles de GRH dans les entreprises. Notre panel ne comporte que huit différentes multinationales françaises. Dans une certaine mesure, il s'agit d'une taille relativement petite de l'échantillon.

given that they are very busy, we can only get access to interview one of them in the companies (except case 2, we have interviewed general manager and HR director). We have double checked the information with informants and searched supplementary data from internal documents and websites to support the findings, but it may still have some degree of data bias. For instance, some Chinese informants tend to avoid talking about the difficulties in adopting the home-country HRM practices. From their points of view, most of the “made-in-France” HRM practices are great and can be implemented in China. By contrast, French informants are more open to discuss the problems and difficulties that they faced with when implementing the home-country practices in China.

Third, our analysis hasn’t talked about the hybridization of HRM practices. Some scholars start to examine the transfer of HRM practices by verifying the hybridization process and outcomes. Shimoni and Bergmann (2006, 2008)

Ce travail est également limité par ses informateurs. Nous supposons que les directeurs généraux et / ou les directeurs de GRH ont les connaissances et l'expérience nécessaires pour nous fournir des informations. Toutefois, étant donné qu'ils sont très occupés, nous ne pouvons facilement les interviewer (sauf 2 cas où nous avons interviewé le directeur général et le directeur de ressources humaines). Nous avons vérifié les informations avec les informateurs et cherché des données supplémentaires par des documents et des sites Web pour vérifier les résultats internes, mais il peut encore exister un certain degré de partialité. Par exemple, certains informateurs chinois ont tendance à éviter de parler des difficultés à adopter les pratiques de GRH de la maison mère. De leur point de vue, la plupart des pratiques de GRH "made in France" sont efficaces et peuvent être appliquées en Chine. En revanche, les répondants français sont plus ouverts à discuter des problèmes et des difficultés auxquels ils sont confrontés dans la mise en œuvre des pratiques du pays d'origine

argue that local managers absorb the standardized home-country practices while they actively open a “third space”. Such a “third space” allows managers to create new hybridized management forms on the basis of their perceived understandings. In their work, Yavuz (2009) and Jackson (2009) describe that hybridization integrates the mixing effective parts of different management systems. Recently, Kühlmann (2012) studies the transfer of HRM practices from German parent companies to their Chinese subsidiaries. He suggests that transferring the best practices is a “sticky” process which requires local adaptation and hybridization. Despite the discussion above, we found that it is difficult to clearly distinguish hybridization from adaption and/or novelty. More importantly, it emerges from the interviews that French MNCs show intendance to retain the standardized HRM framework and systems in Chinese subsidiaries as far as they can. They make adaptation when the practices and policies are in contrast with the local

en Chine.

Troisièmement, notre analyse n'a pas parlé de l'hybridation des pratiques de GRH. Certains chercheurs commencent à examiner le transfert des pratiques de GRH en vérifiant le processus d'hybridation et ses résultats. Shimoni et Bergmann (2006, 2008) affirment que les responsables locaux absorbent les pratiques du pays d'origine standardisées alors qu'ils ouvrent activement une «troisième espace». Un tel «troisième espace» permet aux gestionnaires de créer de nouvelles formes de gestion hybridées sur la base de leur compréhension perçus. Yavuz (2009) et Jackson (2009) décrivent que l'hybridation intègre les différents systèmes de gestion. Récemment, Kühlmann (2012) étudie le transfert des pratiques de GRH au sein des entreprises allemandes et leurs filiales en Chine. Il propose que le transfert des meilleures pratiques soit un processus «collant» qui nécessite souvent une adaptation locale et l'hybridation. Malgré ces recherches, nous avons constaté qu'il est difficile de distinguer claire-

legislation requirements. Therefore, we consider that hybridization can be a possible transfer outcome but not for the eight cases in our research. Hence, we did not take hybridization of HRM practices into consideration.

There are other limitations. For instance, our work illustrates that transfer of HRM practices can allow MNCs to meet performance realization and employee satisfaction. But we did not quantitatively test these two outcomes. Furthermore, our analysis unit is conscribed to China only.

For the further research, we propose following five aspects:

- First, emerging markets have attracted scholars and practitioners' interests. MNCs are eager to expand business in these potential markets. One of the main issues concerning operating business in foreign markets is how to transfer "best practices" from one unit to another. Obviously, the transfer of HRM practices to Chinese

ment l'hybridation de l'adaptation et / ou de la nouveauté. Par ailleurs, il ressort des entretiens, que les multinationales françaises ont l'intention de conserver les systèmes de GRH standardisés dans les filiales en Chine dans la mesure où elles le peuvent. Elles les adaptent lorsque les pratiques et les politiques sont en contraste avec les exigences de la législation locale. Nous considérons que l'hybridation peut être un possible résultat de transfert, mais pas pour les huit cas dans notre recherche. Par conséquent, nous n'avons pas pris l'hybridation des pratiques de GRH en considération.

Il y a d'autres limites. Par exemple, notre travail montre que le transfert des pratiques de GRH peut permettre à des multinationales de répondre à la réalisation de la performance et de la satisfaction des employés. Mais nous n'avons pas quantitativement testé ces deux résultats. En outre, notre recherche concerne seulement la Chine.

Concernant les perspectives futures, nous proposons cinq aspects suivants :

subsidiaries might be totally different from that in Indian subsidiaries. Hence, further research can explore French MNCs and their HRM practices in India, Indonesia, Brazil and related promising emerging marketing.

- Second, as previously mentioned, our data is mainly drawn from the interviews with general managers and HR directors. Therefore, further research can take employees into consideration. Their points of view and experiences toward the transferred practices will absolutely enrich the findings.
- Third, it emerged from the interviews that some of the China-born practices has been back forwarded to parent company and other subsidiaries in other countries. It will be interesting for researchers to explore the reverse transfer of HRM practices in MNCs, which is a topic that receives little empirical attention.

- Premièrement, les marchés émergents ont attiré l'attention des chercheurs et les intérêts des entreprises. Les multinationales sont désireuses d'étendre leurs activités dans ces marchés potentiels. L'une des principales questions concernant les affaires sur les marchés étrangers est de savoir comment transférer les «meilleures pratiques» d'une unité à une autre. Evidemment, le transfert des pratiques de GRH aux filiales en Chine pourrait être totalement différent de celle des filiales en Inde. Par conséquent, les chercheurs peuvent explorer les multinationales françaises et leurs pratiques de GRH en Inde, Indonésie, Brésil et d'autres pays émergents.

- Deuxièmement, comme mentionné précédemment, nos données proviennent essentiellement d'entretiens avec les directeurs généraux et les directeurs des ressources humaines. Par conséquent, une étude peut prendre les employés en considération. Leurs points de vue et leur

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- Fourth, our findings are drawn from qualitative data. The next step for this research is to use quantitative approach to further test the impacting factors.
 - Lastly, hybridization of HRM practices and its outcomes are underdeveloped in the literature. How to distinguish hybridization from adaptation, localization and novelty is a challenge work.
- expérience vers les pratiques transférés enrichiront les résultats.
- Troisièmement, il est ressorti des entretiens que certaines des pratiques chinoises sont transférés à la maison mère et les autres filiales dans d'autres pays. Il sera intéressant pour les chercheurs d'explorer le transfert des pratiques de GRH de ces filiales à leurs maisons mères et d'autres filiales, sujet qui reçoit peu d'attention empirique.

Our projects for further research are numerous and varied in nature, indeed. However, this fact provides space for research collaborations with colleagues in France and/or in China in the near future.

- Quatrièmement, nos résultats sont tirés de données qualitatives. La prochaine étape de cette recherche est d'utiliser l'approche quantitative pour tester davantage les facteurs qui influent.
- Enfin mais surtout, l'hybridation des pratiques de GRH et ses résultats sont sous-développés dans la littérature qui porte sur la GRH. D'après nos connaissances, c'est un travail de défi de distinguer clairement l'hybridation de l'adaptation, de la localisation et de la nouveauté.

En effet, nos projets concernant les perspectives futures sont nombreuses et variées dans la nature. En tant que tel il y a place pour des collaborations de recherche avec des collègues en France et/ou en Chine.

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APPENDIX

I. Interview guideline addressed to the general manager/HR director in the Chinese subsidiary

Transfer of HRM practices from parent company to overseas subsidiary

1. What HRM practices have been transferred from parent company to the subsidiary? Totally or partially? One-time event or constant series?
2. What's the purpose to transfer HRM practices from parent company to Chinese subsidiaries?
3. What's the role of parent company in the international transfer of management practices?
4. Have you come across the difficulties when transferring HRM practices to Chinese subsidiaries? If yes, what were they? How did you deal with them?
5. What's your corporate culture?

Recruitment

6. Can you describe the recruitment policy in your company?
7. How and by whom the recruitment criteria are set up? By parent company? Local subsidiary? ...
8. Comparing with the recruitment practice at headquarter, do you use a different process and various criteria to recruit the employees? If yes, what are the main differences?
9. What are the challenges concerning recruitment in China for your company?

Training

10. What's the role of training in your company? What kinds of training tools do you use? Are they different from the training programs in the parent company? If yes, what are the differences?

11. Do you offer any training to expatriates? If yes, what were they?

Compensation & benefits

12. What are the components to make up the salary in your company? Is such a salary system the same as that in the parent company?

13. What's the main purpose for adopting such a salary system?

14. What's your idea on applying such a salary system in China context? Does it work well?

Annual performance review

15. Do you use the annual performance evaluation system in China?

16. If yes, does this annual performance evaluation system look the same as that in the parent company?

If yes, when applying this practice in China, what kinds of difficulties did you face with?

If not, what are the differences?

Expatriates

17. How many expatriates are there in your company? What are their positions and nationalities?

18. What is the role of expatriates in your company?

Successful transfer

19. How can you identify a successful transfer of HRM practices from a failure one?

II. Guide d'entretien adressé aux directeur général et directeur des ressources humaines de la filiale en Chine

Le processus de transfert des activités de GRH de la maison mère vers une filiale

1. Quelles sont les activités de GRH qui ont été transférées de votre maison-mère à votre filiale ?
Toutes ou une partie ? En une fois ou en plusieurs étapes ?
2. Pourquoi transférer les activités de GRH de votre maison-mère vers les filiales en Chine?
3. Quel est le rôle de la maison-mère dans ce transfert international des activités de management?
4. Avez-vous été confronté à des difficultés pour transférer les pratiques de GRH vers les filiales en Chine ? Si oui, lesquelles ? Comment vous avez résolvez les difficultés ?
5. Quelle est la culture de votre entreprise ?

Recrutement

6. Pouvez décrire la politique de recrutement de votre entreprise ?
7. Comment et par qui sont fixés les critères de recrutement ? Par la maison-mère ? Par la filiale locale ?
Etc.
8. Par rapport aux pratiques de recrutement du siège, utilisez-vous un processus et des critères différents pour recruter des employés ? Si oui, quelles sont les principales différences ?
9. Quelles sont les défis concernant le recrutement en Chine pour votre entreprise ?

Formation

10. Quel est le rôle de la formation dans votre entreprise ? De quels genres d'outils de formation disposaient-vous ? Sont-ils différents des programmes de formation de la maison-mère ? Si oui, quelles sont les différences ?

11. Est-ce que vous offrez des formations aux expatriés ? Si oui, quels types de compétences sont inclus dans le programme de formation des expatriés ?

Rémunération

12. Quels composants entrent en compte pour l'élaboration du salaire ? Ce système de rémunération est-il le même que celui de la maison-mère ?
13. Quel est le but principal de l'adoption d'un tel système de salaire ?
14. Que pensez-vous de l'application de ce système de rémunération dans le contexte chinois ? Est-ce efficace ?

Evaluation annuelle des performances

15. Avez-vous un système d'évaluation des performances annuelles en Chine ?
16. Ce système est-il semblable à celui de la maison-mère ? Si oui, à quels genres de difficultés avez-vous été confronté en appliquant ce système ? Si non, quelles sont les différences ?

Expatriés

17. Combien d'expatriés y a-t-il dans votre entreprise ? Quelles sont leurs postes et leurs nationalités ?
18. Quel rôle les expatriés jouent-ils dans votre entreprise ?

Transfert réussi

19. Comment pouvez-vous distinguer un transfert réussi des activités de GRH d'un transfert raté ?

III. 跨国公司中国子公司总经理或人力资源总监访谈提纲

从外国母公司向中国子公司的人力资源管理实践转移

1. 哪些人力资源管理实践已从外国母公司转移到中国子公司？他们是完整转移还是部分转移？他们是一次性转移还是持续性转移？
2. 为什么外国母公司要向中国子公司转移人力资源管理实践？
3. 在跨国管理实践转移过程中，外国母公司扮演什么角色？
4. 在人力资源管理实践本土化过程中，你们有遇到难题吗？如果有，你们都遇到了什么难题？你们是如何解决它们的？
5. 你们公司的企业文化是什么？

招聘

6. 你能描述一下你们公司的招聘政策吗？
7. 这些招聘准则是如何设定的以及谁设定的？外国母公司？中国子公司？等等.....
8. 与母公司的招聘政策相比，你们使用别具一格的招聘过程和准则吗？如果是，有哪些主要的特色之处？
9. 贵公司在中国的招聘过程中都碰到哪些挑战？

培训

10. 培训在贵公司的角色是什么？中国子公司使用了哪些培训工具或方法？它们与母公司的培训项目有不一致的地方吗？如果有，具体表现在什么地方？

11.中国子公司为外派人员提供培训吗？如果有的话，你们都提供了哪些培训？

薪酬与福利

12.中国子公司的薪酬与福利是由什么组成的？中国子公司的薪酬体系与母公司的薪酬体系一样吗？

13.采用该薪酬体系的目的是什么？

14.为什么要在中国采用这样的薪酬体系？它行之有效吗？

年度绩效考核

15.在中国子公司，你们有没有实施年度绩效考核？

16.如果有的话，它与母公司的考核体系一样吗？如果中国子公司的年度考核体系与母公司一致，中国子公司采用该考核体系过程中都碰到什么难题？如果有不一样的地方，具体表现在哪？

外派人员

17.中国子公司一共有多少名外派人员？他们的职位和国籍各是什么？

18.外派人员在中国子公司扮演什么角色？

成功的管理实践转移

19.你认为该如何确定人力资源管理实践的成功转移？