



# The International Journal of Human Resource Management

ISSN: 0958-5192 (Print) 1466-4399 (Online) Journal homepage: <http://www.tandfonline.com/loi/rijh20>

## Human resource practices and firm performance of multinational corporations: influences of country origin

Hang-Yue Ngo , Daniel Turban , Chung-Ming Lau & Siu-Yu Lui

To cite this article: Hang-Yue Ngo , Daniel Turban , Chung-Ming Lau & Siu-Yu Lui (1998) Human resource practices and firm performance of multinational corporations: influences of country origin, The International Journal of Human Resource Management, 9:4, 632-652, DOI: [10.1080/095851998340937](https://doi.org/10.1080/095851998340937)

To link to this article: <http://dx.doi.org/10.1080/095851998340937>



Published online: 09 Dec 2010.



Submit your article to this journal [↗](#)



Article views: 1693



View related articles [↗](#)



Citing articles: 98 View citing articles [↗](#)

# Human resource practices and firm performance of multinational corporations: influences of country origin

*Hang-Yue Ngo, Daniel Turban, Chung-Ming Lau and Siu-yun Lui*

---

**Abstract** Drawing from a cultural values perspective, we investigate the effects of country origins on HR (human resource) practices of firms from the United States, Great Britain, Japan and Hong Kong operating in Hong Kong. In general, results supported hypothesized differences in HR practices of firms from different countries. In addition, results indicated that HR practices, specifically structural training and development and retention-oriented compensation, were related to various measures of firm performance. Of further interest was the finding that country origin moderated relationships of HR practices with firm performance; in general, relationships of structural training and development and retention-oriented compensation were stronger for Hong Kong firms. Implications of the results are discussed.

**Keywords** Human resource practices, country origin, firm performance, multinational corporations, Hong Kong, cultural values

## Introduction

During the last decade, increasing attention has been paid to the area of international human resource management (IHRM), which is concerned with human resource management issues of multinational enterprises (Schuler *et al.*, 1993; Taylor *et al.*, 1996). Interest in IHRM has been enhanced by recent findings that human resource policies and practices can be a source of sustained competitive advantage to firms (Lado and Wilson, 1994; Pfeffer, 1994). As scholars in international human resource management have noted, however, transferring HR policies and practices to different countries can be problematic (Huo and Von Glinow, 1995; Rosenzweig and Nohria, 1994). For example, multinational corporations (MNCs) are faced with issues such as how to align HR policies and practices with the rest of the corporation (i.e. global integration) and how to adapt HRM practices to the local environment in which the subsidiary is operating (i.e. local adaptation). Among other factors, scholars have suggested that the national origin of the MNC is a major influence on the trade-off between global integration and local adaptation and thus necessitates careful study (Caligiuri and Stroh, 1995; Schuler *et al.*, 1993; Taylor and Beechler, 1993). Because of differences in cultural values, MNCs of different country origins tend to have different degrees of adaptation to local conditions. In this study, we investigate influences of country origins on firms' HRM practices. Additionally, we extend research by investigating whether HRM practices are related to firm performance and by investigating whether country origin of the firm moderates the relationships between HRM practices and firm performance.

Scholars have proposed that two major influences on human resource management practices of multinational firms are local contextual factors (such as labour market conditions, unionization, legal and socio-political environments) and the firm's home-country culture (Brewster, 1995; Jackson and Schuler, 1995; Yang, 1992). Firms have to obey local regulations, and local environmental conditions may influence the HR practices of MNCs operating in the host country (Schuler *et al.*, 1993). Another major influence on HR practices of MNCs is the culture of the home-country (i.e. the country of origin) (Ferner, 1996). Scholars have suggested that firms from some countries, with certain cultural values, are better able to adapt to local conditions than are firms from other countries that are more likely to transfer the practices used in their home country (Schuler *et al.*, 1993; Taylor and Beechler, 1993). In addition, culture of the home country is expected to influence firms' HR practices, because some practices are more acceptable to employees with certain cultural values (e.g. individual pay-for-performance plans in individualistic countries) (Hofstede, 1980; Newman and Nollen, 1996; Von Glinow, 1993). In this study, we investigate whether country origin of the firm influences human resource practices and control for local contextual effects by sampling firms operating in the same setting.

Recent evidence suggests that a firm's HRM practices are related to its performance (Arthur, 1994; Huselid, 1995; Koch and McGrath, 1996). Little research has investigated relationships between HRM practices and firm performance for multinational corporations, however. None the less, some evidence suggests that there may be a set of 'best practices' of HRM that leads to better firm performance; such practices would, presumably, be appropriate for MNCs operating in various settings (Hiltrop, 1996; Huselid, 1995; Von Glinow, 1993). We investigate the 'best practices' hypothesis by examining relationships between HRM practices and firm performance. Other evidence suggests, however, that the effectiveness of HRM practices depends upon the firm's strategic and environmental contingencies (Huselid, 1995). Therefore, we extend previous research by investigating whether country origin of the firm, which is thought to influence strategic and environmental contingencies, moderates the relationships between HRM practices and firm performance.

## **Theoretical background**

### *Influences of country origin on human resource practices of MNCs*

We adopt a cultural values theoretical framework to examine the effects of country origin on HR practices. Countries differ in their cultural values (Hofstede, 1980, 1991), which, in turn, are expected to influence both willingness to adapt to local conditions as well as the type of HR practices used by firms. More specifically, we propose that firms from countries with certain cultural values are more willing and perhaps better able to adapt their HR practices to local conditions, than are firms from countries with other values. This adaptation argument is consistent with Hannon *et al.*'s (1995) discussion. Similarly, we expect that cultural values associated with certain countries influence HR practices directly and thus some HR practices are more likely to be used by firms in their overseas' subsidiaries. These HR practices could in fact be more acceptable to certain people in some countries. An effective HR system could then be achieved if there is a congruence between HRM policies and cultural values in the host country.

A central theoretical concern underlying the field of IHRM is the tension between global integration and local adaptation (Hannon *et al.*, 1995; Porter, 1986; Prahalad and

Doz, 1987; Rosenzweig and Singh, 1991). On the one hand, MNCs desire some level of consistency in their HRM practices across countries (i.e. global integration). On the other hand, MNCs have to adapt their HRM practices to norms and regulations in the host country (i.e. local adaptation) (Adler, 1986; Dowling, 1989). In the face of this basic dilemma, MNCs have adopted one of three general strategies for managing the work-force in the host country: the ethnocentric, polycentric or geocentric strategy (Caligiuri and Stroh, 1995; Dowling, 1989). MNCs using the ethnocentric strategy transfer the headquarters' HR practices to their overseas subsidiaries in order to maximize the headquarters' control and integrate subsidiaries; this results in little, or no, local responsiveness. At the opposite extreme is the polycentric strategy in which MNCs adapt totally to local situations such that HRM practices are virtually identical to those used by local firms. A third general strategy, the geocentric strategy, attempts to balance both global integration and local adaptation by having some HRM practices dictated by corporate headquarters yet allowing other practices to be influenced by local pressures.

Country origin of the MNC is thought to influence which strategy is used to balance the tension between global integration and local responsiveness. This is because MNCs from some countries, with certain cultural values, may be more willing to reduce the amount of control from headquarters and allow the subsidiaries to adapt to local contexts than are MNCs from other countries (Schuler *et al.*, 1993; Taylor and Beechler, 1993). For example, we expect that firms from countries with high uncertainty avoidance (Hofstede, 1980) are more likely to transfer HR practices from headquarters to local subsidiaries than are firms from countries with low uncertainty avoidance because the direct transfer of practices reduces uncertainty and risks. Similarly, one might expect that firms from countries with a high power distance may centralize control and therefore would be less likely to relinquish control of HR practices to local subsidiaries (i.e. low local adaptation) than firms from countries with low power distance. Interestingly, researchers have found that firms from Japan, which are low on uncertainty avoidance and high on power distance (Hofstede, 1980), are more likely to transfer home-country HR practices to host countries and pay little attention to local conditions (Hiramoto, 1995; Kopp, 1994; Rosenzweig and Nohria, 1994; Yoshino, 1976).

An additional factor thought to influence the extent to which firms will give up control from headquarters and allow subsidiaries to adapt to contextual factors is the similarity in culture between the country origin of the MNC and the host country; the more similar the cultures the more locally responsive the MNC (Rosenzweig and Nohria, 1994; Taylor *et al.*, 1996), presumably because the firm does not have to change its practices very much. For example, some recent evidence suggested that Japanese firms operating in Asian contexts tend to adapt to local conditions (Amante, 1995; Rodgers and Wong, 1996; Wong 1996). Such results are explained by noting that although, in general, Japanese firms tend to be relatively unwilling to allow subsidiaries to adapt to local conditions, because of the cultural similarity between Japan and Asian countries, firms are allowed a greater amount of local adaptation in Asian contexts.

### *Country of origin and HRM*

In this study, we investigate whether country origins of the MNC's headquarters influences the HR practices of subsidiaries in a host country and control for the host country's contextual factors by examining MNCs operating in a single country. By

examining MNCs operating in a single country, this research design controls for contextual factors, such as work-force characteristics, labour-market conditions, the legal and socio-political environments, etc., that vary across countries and are likely to influence the degree to which the MNC is able to transfer the HRM system of its parent company overseas (Rosenzweig and Nohria, 1994; Taylor *et al.*, 1996). Therefore, variability in HR practices associated with country origins are attributed to the cultural influences from the headquarters to the overseas subsidiaries and/or to the similarity in cultures of the home country and the host country. This research design has been used by scholars interested in the similarities and differences in HR practices of MNCs of different country origins operating in the single country setting (e.g. Monks, 1996; Rosenzweig and Nohria, 1994; Yuen and Hui, 1993).

We chose Hong Kong as the single-country setting for our study and examined local Chinese, Japanese, British and American firms. Hong Kong is an ideal setting for our research because it is one of the world's largest trading and financial centres and a place where Asian and Western culture exist side by side. Additionally, Hong Kong has numerous MNCs, in addition to local Chinese firms, and these MNCs, which come from different regions of the world, have huge investments in the local economy. Furthermore, the Hong Kong government's *laissez-faire* doctrine and the resultant economic policies have fostered an environment where the 'natural cultural tendencies' of MNCs can operate freely (Shaw, Kirkbride *et al.*, 1993). Evidence suggests that local Chinese firms differ from MNCs from other countries in terms of their corporate culture (Lau and Ngo, 1996), organizational structure (Ngo, 1996), organization development practices (Lau and Ngo, 1997) and employment relations (England, 1989). Therefore, we expect local Chinese firms will also differ from MNCs from other countries in terms of HR practices.

Only one study was found that had compared HRM practices of firms from various countries that were operating in Hong Kong (Shaw, Tang *et al.*, 1993). These researchers suggested that national culture should predict HR practices and grouped firms into three broad categories to measure the effects of culture: (1) Western firms included MNCs from the United States, Australia, Britain and Canada; (2) the local Chinese category included firms from Hong Kong and Singapore; (3) the third category included firms from Japan, the People's Republic of China, and all other countries. Although such a rough classification is likely to dilute the 'cultural effect', since there is still considerable variability in cultural characteristics within each group, some differences in human resource practices between Anglo-American and Chinese firms were reported (Shaw, Tang *et al.*, 1993). As they expected, Western MNCs in Hong Kong were more formalized and systematic in their HRM practices, were more likely to use formal performance appraisal and feedback systems, to have extensive welfare and fringe benefit programmes, and to provide more formal training to employees than were the Chinese firms. Although the Shaw, Tang *et al.* (1993) study provides some initial evidence concerning how national culture may influence HR practices, their study is somewhat limited by their collapsing across countries and by their measures of HR practices. We extend their work by addressing such limitations, by conducting multivariate analyses and by linking HR practices to firm performance and investigating whether country origin moderates relationships between HR practices and firm performance.

In summary, theoretical and empirical evidence suggest that the HR practices of MNCs will vary by their nationality because cultural values of the home country influence the extent to which top management allows local subsidiaries a high degree of

local adaptation and because certain HR practices are more likely in countries with certain cultural values. Therefore, we propose this general hypothesis:

*Hypothesis 1:* Country origin of MNCs will influence the human resource practices used by firms.

In addition to this general hypothesis, we propose some specific directional hypotheses concerning how country origin influences HR practices. For example, local Chinese firms tend to be centralized, paternalistic and nepotistic, with little systematic planning or structuring (Ngo, 1996; Redding and Wong, 1986). Because local Chinese firms tend to have little systematic planning in HR activities (Lau and Ngo, 1997), we expect that they will have less training and development than firms from other countries. This is because Chinese tend to have less concern for long-term strategy of developing human resources, and therefore do not have much interest in human capital investment. Additionally, we expect that the cultural value of individualism versus collectivism (Hofstede, 1980) will influence firms' compensation plans. Specifically, we expect that firms from countries higher on individualism are more likely to use retention-oriented compensation plans than firms from countries that are more collectivistic; in contrast, firms from countries higher on collectivism are expected to use seniority-based compensation plans. Therefore, we expect American and British firms, which emphasize individualistic values, are more likely to base compensation on individual performance so as to retain staff and to avoid high turnover, whereas local Chinese firms and Japanese firms are more likely to base compensation on seniority, because their cultures are more collectivistic (Hofstede, 1980). Finally, we expect that local Chinese firms with their focus on family, along with the Chinese in-group mentality (Ngo, 1996; Redding, 1986), will be less likely to use expatriates and will therefore have a work-force which is less diverse than American, Japanese, and British firms. Such arguments lead to the following directional hypotheses:

*Hypothesis 1a:* Local Chinese firms will provide less structural training and development than American, British, and Japanese firms

*Hypothesis 1b:* American and British MNCs will rely more on retention-oriented compensation than will local Chinese or Japanese firms.

*Hypothesis 1c:* Japanese and local Chinese MNCs will emphasize seniority-based compensation more than will American and British firms.

*Hypothesis 1d:* Local firms will have less diversity in staff composition than Japanese, American, or British firms.

Finally, although not a specific hypothesis, we expect that Japanese and Chinese firms will be relatively similar to each other in terms of HR practices because of similarities in their national cultures (e.g. influence of Confucianism). Similarly, we expect that American and British firms will be more similar to each other than they will be to Chinese and Japanese firms.

#### *Human resource practices and firm performance*

Recently, scholars have argued that the management of human resources can provide firms with a sustained competitive advantage to the extent that the human resources add

value, are rare, are not easily imitable and cannot be easily replaced with technological advances (Huselid, 1995; Pfeffer, 1994; Wright and McMahan, 1992). Some evidence supports the proposed relationships between human resource policies and practices and indicators of firm performance (Arthur, 1994; Huselid, 1995; Koch and McGrath, 1996; MacDuffie, 1995; Russell *et al.*, 1985; Terpstra and Rozell, 1993). Researchers investigating relationships between HR practices and firm performance, however, have operationalized HR practices in several different ways. For example, some researchers have examined only one HR practice (e.g. staffing practices: Terpstra and Rozell, 1993), other researchers have viewed HR practices as control systems and have therefore focused on compensation, incentive and reward systems (Koch and McGrath, 1996; Snell, 1992). Wright and McMahan (1992) argued, however, that researchers should examine 'bundles' of HR practices and their collective effect, rather than the effect of isolated HR practices, on firm performance. As Peck (1994) noted, human resource activities are interdependent, and as a whole they generate certain outcomes for the firm. Recent studies by Huselid (1995) and MacDuffie (1995) provided support for such arguments as they found that bundles of HR practices were significantly related to workers' productivity and firm financial performance.

Little research has investigated effects of HR practices on firm performance for MNCs. As Schuler *et al.* (1993) noted, however, MNCs must design the HR system to balance the dual imperatives of local responsiveness and global integration and this balance will have performance implications. For example, Caligiuri and Stroh (1995) presented evidence suggesting that MNCs that adopted ethnocentric strategies were less successful than companies employing other strategies. There is, however, little systematic research on the impact of HR practices on performance of MNCs operating in a host country. None the less, drawing on previous research suggesting that HR practices are related to firm performance, we advance this general hypothesis:

*Hypothesis 2:* The human resource practices of MNCs will be related to firm performance.

Based on current literature, we also propose some specific directional hypotheses concerning relationships between HR practices and firm performance. As Koch and McGrath (1996) noted, there are several reasons to expect structural training and development to be positively related to firm performance. Specifically, systematic and well-planned training and development typically increases the firm specificity of employee skills, which not only provides the firm with productive employees, but can also reduce employee turnover because employees with firm-specific skills may not be able to transfer their skills directly to other firms and be equally productive. Furthermore, more extensive training and development can reduce expenses associated with hiring people from external labour markets by developing internal human resources and by reducing turnover (Koch and McGrath, 1996). Some evidence supports the proposition that training and development is related to indicators of organizational performance (Russell *et al.*, 1985). Therefore, we propose this hypothesis:

*Hypothesis 2a:* The extent of structural training and development will be positively related to firm performance.

Firms' compensation plans are also thought to influence firm performance through influencing employee behaviours. Specifically, firms can use compensation to motivate

employees to increase their efforts and to direct their efforts towards important firm outcomes (Gomez-Mejia and Balkin, 1992; Heneman, 1992). Propositions from expectancy theory (Vroom, 1964) suggest that pay can influence performance when employees perceive a relationship between their efforts and performance and when they then obtain a valued outcome if they perform well (Heneman, 1992). Thus, compensation plans targeted at retaining productive staff by emphasizing individual-based, outcome-oriented HR practices are likely to result in better firm performance. Drawing on such logic we propose the following hypothesis:

*Hypothesis 2b:* Firms with more retention-oriented compensation plans will have better performance.

Finally, more diversity in a work-force is thought to influence firm performance through various mechanisms (Cox and Blake, 1991; Glick *et al.*, 1993). For example, greater diversity in workers leads to additional perspectives and improved creativity. Furthermore, increased staff diversity is thought to lead to greater flexibility and improved decision quality because of the additional perspectives applied to the problem. Therefore, drawing on this logic we propose this directional hypothesis:

*Hypothesis 2c:* MNCs that emphasize diversity will have higher performance, particularly in new product development.

#### *Interaction effect of country origin and HR practices on firm performance*

As discussed above, the 'best practices' model of HRM suggests that more successful firms tend to use a similar set of HR policies and practices, such as structural training and development and retention-oriented compensation (Hiltrop, 1996; Huselid, 1995). There is some evidence to support the proposition that certain 'best' HR practices result in higher performance of MNCs consistently across different cultures, irrespective of their national origin and the local environmental conditions (MacDuffie and Krafcik, 1992; Wickens, 1987; Von Glinow, 1993). Such evidence suggests that there may be a universal set of 'best' human resource management practices that, if used by firms, lead to better firm performance.

Conversely, or perhaps additionally, the effectiveness of the human resource practices may depend upon contextual factors such as the firm's strategic orientation, the operating environment, the firm's culture and the firm's country origin (Huselid, 1995). Literature in strategic HRM, for example, suggests that the matching of HR practices with organizational and environment contexts will result in high firm performance (Dyer and Reeves, 1995). Organizational effectiveness depends on whether there is a 'cultural fit' between HR practices and the dominant value system of the firm (Mendonca and Kanungo, 1994). Evidence indicates that country origin influences firms' culture and value systems (Lau and Ngo, 1996). Because the firms' value systems influence whether a certain HR practice fits, it seems likely that country origin will influence the relationships of HR practices with firm performance. Furthermore, organizational members may have certain expectations about the HR practices of the firm, given its country origin and its internal value system; these expectations, in turn should influence their work behaviours and hence the effectiveness of HR practices such that practices that meet expectations will be more effective. Finally, although certain HR practices may be the 'best' practices in terms of influencing firm performance, firms from some countries, with certain cultural values,



may not optimally implement these practices in a foreign country. For example, Newman and Nollen (1996) noted that pay-for-performance plans are successful in Anglo countries, but are not as successful or popular in other parts of the world.

As Huselid (1995) noted, it is possible there can be a set of best HR practices that influence firm performance *and* firm performance also may be influenced by the 'fit' of the HR practices with the firm's cultural values. For example, pay-for-performance plans may be positively related to firm performance across countries, and such relationships may be stronger for countries with individualistic values. As statisticians have noted, it is possible to have both a meaningful interaction effect and a meaningful main effect, although the significant interaction qualifies interpretation of the main effects (Kirk, 1968). Therefore, we propose that certain HR practices are positively related to firm performance (hypothesis 2) and we also propose that country origin moderates the relationships of HR practices with firm performance.

*Hypothesis 3:* Country origin will moderate the relationships of human resource practices with firm performance.

To summarize, we extend research by examining HR practices of firms operating in a single setting, namely Hong Kong. More specifically, we investigate whether country origin influences firms' HR practices. Additionally, we investigate relationships of HR practices with firm performance, hypothesizing that certain HR practices will be related to firm performance, and that country origin will moderate the relationship between HR practices and firm performance.

## **Method**

### *Procedure and sample*

A survey was mailed to the human resource directors of 1700 firms that had over fifty employees in Hong Kong. A three-wave mail design was employed with the first and third mailing containing the invitation letter, the questionnaire and a postage-paid return envelope. The second mailing was a reminder letter. We received 332 responses for a 20 per cent response rate. Although we would have desired a higher response rate, the response rate for surveys in Hong Kong is typically lower than in the West and a 20 per cent response rate is typical (Ngo, 1996; Redding and Pugh, 1986). However, recent studies using similar research design with a US sample had a similar response rate (see Delery and Doty, 1996). Respondents indicated the country origins of their firms. Of the responding firms, 99 firms are local Chinese firms, 82 are American firms, 38 are Japanese firms, 34 are British firms and the remaining are primarily other European and Asian firms and joint ventures. For this study, we used only the local Chinese, American, Japanese and British firms ( $n=253$ ). Many of the firms were involved in manufacturing (31 per cent), with other firms in trading (14 per cent), finance and banking (12 per cent), and other types of businesses.

### *Measures*

**HR practices** One section of the survey included a list of twenty-five human resource management practices. Some of the items were taken from Peck's (1994) study. Respondents were asked to describe how closely these items match their organizations' current policies and practices on a 5-point Likert scale, ranging from strongly disagree

(1) to strongly agree (5). Following Peck's (1994) analytical strategy, we conducted a principal component factor analysis with varimax rotation. Our purposes were to identify possible underlying dimensions of these twenty-five HRM practices and to summarize them with a small number of 'derived' variables. Examination of the scree test suggested four factors that accounted for 37 per cent of the variance of the items. We assigned items to scales only when the item had a factor loading of greater than .4 for a single factor (see Table 1). We also conducted split-halves factor analyses of the sample, and adopted different rotation techniques in order to ensure the stability of the factor structure. No significant deviation from the current results was detected, however.

The first factor, which included items measuring the firm's training and development practices and formalization of human resource procedures was labelled *structural training and development* (seven items,  $\alpha = .72$ ). These items are sometimes considered characteristics of an internal labour market orientation (Peck, 1994) and the firm's willingness to invest in human capital. The second factor, labelled *retention-oriented compensation*, included items measuring the firm's compensation practices and items measuring the firm's philosophy and practices to reduce turnover (increase retention) of employees (seven items,  $\alpha = .64$ ). The third factor, labelled *seniority-based compensation*, included two items ( $\alpha = .49$ ) indicating that compensation was tied to seniority and the job title. This scale reflects the firm's emphasis on hierarchical status. The fourth factor, *diversity*, included two items ( $\alpha = .46$ ) measuring the extent to which the staff was composed of expatriates and how diverse it was in terms of demographic characteristics. This factor is a generic measure of the firm's heterogeneity of its human resources.

**Firm performance** Respondents were asked to indicate their firm's performance over the last three years as compared to the industry's average in these areas: sales, net profit, development of new products/services, satisfaction of employees and retention of essential employees. A 5-point scale ranging from bad (1) to very good (5) was used.

## Analyses and results

Table 2 shows the means, standard deviations and correlation matrix for all variables. In general, the indicators of firm performance were moderately correlated with each other ( $r$ s range from .32 to .78). Interestingly, the HR practices were only somewhat related to each other. Specifically, firms that provided more structural training and development tended to use retention-oriented compensation ( $r = .48$ ,  $p < .01$ ). Similarly, diversity was related to retention-oriented compensation ( $r = .14$ ,  $p < .05$ ). None of the other correlations among the HR practices were significant.

To test hypothesis 1, which hypothesized that the country origin of a firm influences its human resources practices, we conducted a multivariate analysis of variance, followed by univariate analyses of variance and a multiple comparison *post hoc* LSD test to determine which country origins were significantly different from the others. Results indicated a significant multivariate effect for country origin (Wilks lambda = .80,  $df = 12, 635$ ,  $p < .001$ ). In addition, as indicated in Table 3, the univariate analysis of variance indicated a significant country origin effect for each of the human resource practices, providing strong support for hypothesis 1.

**Table 1** Factor structure of twenty-five HRM practices

	<i>Factor 1</i>	<i>Factor 2</i>	<i>Factor 3</i>	<i>Factor 4</i>
<i>Factor 1 (Structural training and development) <math>\alpha = .72</math></i>				
4 We provide a considerable amount of training	.63	.23	-.19	-.25
22 Employee transfers to new functional areas and/or new units are used as a development activity	.62	.05	-.06	.17
10 We provide very little management training (reverse code)	.60	.08	-.28	-.24
25 Our human resource procedures are highly formalized	.60	.22	.18	-.03
6 We use a highly structured job classification system	.59	.31	.27	.04
17 We often transfer employees who have the skills needed in other areas within the company	.54	.03	.06	.24
2 Our remuneration package is designed to be more competitive than other organizations in the industry	.41	.12	-.03	.06
<i>Factor 2 (retention-oriented compensation) <math>\alpha = .64</math></i>				
5 Employee turnover should be kept to a minimum	.04	.58	.17	.08
9 Employee behaviour is a key component to performance appraisals	.16	.55	.14	.03
14 We try with great effort to build up an harmonious employee relationship	.30	.53	.05	-.25
21 We intend to keep a large salary difference between high and low performers in the same position	.16	.50	-.33	.11
7 In determining compensation, we emphasize the individual's contributions more than job title	.19	.49	-.38	.04
16 Our remuneration package is intended to promote employee retention	.20	.47	-.16	-.13
3 Our performance appraisals emphasize outcomes	.34	.42	-.18	-.16
<i>Factor 3 (Seniority-based compensation) <math>\alpha = .49</math></i>				
13 We closely tie compensation (including salary and bonuses) to seniority	-.22	.19	.70	.02
19 We closely tie compensation (including salary and bonuses) to job title	.04	-.03	.62	-.01
<i>Factor 4 (Diversity) <math>\alpha = .46</math></i>				
23 A significant proportion of our staff is expatriate	.09	-.02	.22	.68
24 The composition of our staff is highly diverse, in terms of gender, nationality and educational background	.26	.11	-.03	.63

**Table 1** *Continued*  
*Items not included*

1	We primarily hire at the entry level	.13	-.14	.42	-.48
8	Our remuneration package is designed to reward the long-term employee	.03	.50	.43	.05
11	Most of our executives have spent the majority of their career with this company	.17	.17	.23	.01
12	We primarily hire applicants that currently possess the necessary knowledge and skills	-.12	.33	-.03	.04
15	On-the-job training is more important than formal education or experience with other organizations	.04	.09	.26	-.30
18	We give external pay comparability greater weight than internal pay equity in determining salaries	.26	-.14	.00	.02
20	We prefer to promote senior people from within rather than hiring from outside the organization	.30	.28	.09	-.27

*Notes*

1 Figure in italics indicates that the associated question loads unambiguously at .4 or greater on a single factor.

2 Number in front of item denotes original item number in the questionnaire.

3 n = 335

Examination of Table 3 indicates, as proposed in hypothesis 1a, that local Chinese firms provided the least amount of structural training and development, but, unexpectedly, they were not different from Japanese firms. Results indicate that the local Chinese and Japanese firms provided similar amounts of training and development and provided significantly less than US or British firms, who did not differ from each other. Turning to retention-oriented compensation, results provided partial support for hypothesis 1b in that the US and British firms provided more retention-oriented compensation than the local Chinese or Japanese firms, although the difference between the British firms and the local Chinese firms was not significant. Turning to seniority-based compensation, the Japanese firms were highest in seniority-based compensation and were significantly different from all other firms in partial support of hypothesis 1c. Finally, in support of hypothesis 1d, the local Chinese firms were the least diverse in staff composition and were significantly different from all other firms. Somewhat surprisingly, Japanese firms were the most diverse and were significantly more diverse than firms originating from the US. This result can be explained by the extensive hiring of Japanese expatriates as managers in the local Japanese firms (Wong, 1996). Taken in sum, these results provide strong support for the hypothesis that country origin influences firms' human resource management practices and, in general, the pattern of results tended to support our a priori directional hypotheses, with a few exceptions.

To test the effects of HR practices on firms' performance and their interaction effects with country origin, as proposed in hypotheses 2 and 3, hierarchical moderated regression analysis was performed. To control for effects of firm size and country origin on the indicators of firm performance, firm size, measured as the total number of employees, was entered in step 1 and country origin, entered as three dummy coded

**Table 2** Means, SD and Correlations between HR practices, country origins and performance

	$\bar{x}$	SD	1	2	3	4	5	6	7	8	9	10	11	12	13
<i>Country</i>															
1 US	.32	.47													
2 Japan	.15	.36	-.29**												
3 UK	.13	.34	-.27**	-.17**											
4 Local Chinese	.39	.49	-.56**	-.34**	-.32**										
<i>HR practices</i>															
5 Structural training and development	3.24	.57	.16*	-.09	.11	-.17**									
6 Retention-oriented compensation	3.69	.45	.14*	-.13*	.08	-.10	.48**								
7 Seniority-based compensation	3.03	.74	-.11	.21**	-.09	.01	-.06	-.00							
8 Diversity	2.51	.84	.06	.20**	.07	-.26**	.12	.14*	.00						
<i>Performance</i>															
9 Sales	3.72	.85	.16*	-.07	.03	-.12	.21**	.15*	-.04	.04					
10 Net profit	3.54	.92	.20**	-.10	.06	-.16*	.31**	.28**	-.05	.03	.78**				
11 New products development	3.36	.90	.14*	-.02	-.02	.11**	.35**	.29**	-.03	.13*	.40**	.47**			
12 Employee satisfaction	3.23	.73	.06	-.01	.01	-.06	.32**	.36**	.06	.16*	.41**	.42**	.44**		
13 Employee retention	3.44	.84	.04	.04	.02	-.08	.16*	.22**	-.09	.12	.35**	.36**	.32**	.61**	
14 Employee size	5.50	1.18	-.07	-.10	.01	.14*	.17**	.03	-.14*	-.15*	.10	.13*	.07	-.04	.05

*Notes*N= 253 \* =  $p \leq .05$  \*\* =  $p \leq .01$ .

**Table 3** ANOVA results of four HR practices across country origins

	<i>Local Chinese</i>	<i>Japan</i>	<i>US</i>	<i>UK</i>	<i>Univariate F</i>
Structural training and development	3.12 <sup>ab</sup> (.56)	3.13 <sup>cd</sup> (.44)	3.37 <sup>ac</sup> (.58)	3.40 <sup>bd</sup> (.61)	4.42**
Retention-oriented compensation	3.64 <sup>a</sup> (.46)	3.55 <sup>bc</sup> (.38)	3.79 <sup>ab</sup> (.47)	3.79 <sup>c</sup> (.36)	3.55*
Seniority-based compensation	3.04 <sup>a</sup> (.73)	3.41 <sup>abc</sup> (.50)	2.91 <sup>b</sup> (.71)	2.87 <sup>c</sup> (.93)	4.76**
Diversity	2.24 <sup>abc</sup> (.76)	2.91 <sup>bd</sup> (.72)	2.59 <sup>ad</sup> (.84)	2.66 <sup>c</sup> (.92)	7.25***
N	94	38	82	33	

*Notes*

Numbers in table are mean values by country origin with standard deviations in parentheses. Means with the same superscript letter are significantly different at .05 by LSD test.

\*  $p \leq .05$  \*\*  $p \leq .01$  \*\*\*  $p \leq .001$ .

variables with local Chinese firms as the contrast, was entered in step 2. The third step of the hierarchical regression analyses entered the four measures of HR practices. Support for hypothesis 2, which hypothesizes that HR practices are related to firm performance, would be indicated by a significant increase in  $R^2$  when the set of HR practices are entered in the equation. Finally, in step 4, the cross products of each HR practice and each dummy coded variable for country origin (twelve interaction terms in total) were entered as a set. Support for hypothesis 3, which hypothesizes that country origin of the firm moderates the effects of HR practices on firm performance, would be indicated by a significant increase in  $R^2$  when the set of cross-products are entered in the regression equation.

As indicated in Table 4, the set of HR practices explained significant variance in all of the indicators of firm performance except for sales. Examination of the regression coefficients indicates that firms that provided more structural training and development created more new products, had more satisfied employees and had higher sales. In addition, firms higher in retention-oriented compensation reported greater profit, more new products (statistically significant at the .1 alpha level), more satisfied employees and greater retention of employees. Neither diversity nor seniority-based compensation was significantly related to any of the performance measures. None the less, taken in sum, such results indicate that HR practices are related to firm performance, with structural training and development and greater usage of retention-oriented compensation as particularly important.

The regression results also provide partial support for hypothesis 3, which proposed that country origin moderates the effects of HR practices on firm performance. More specifically, the set of interaction terms explained additional variance in employee satisfaction and employee retention, providing partial support for hypothesis 3. Because local Chinese firms were the contrast group used in the dummy coding for country origin, examination of the significant interaction regression coefficients provides information about relationships of variables in comparison to the local Chinese firms. For example, the significant regression coefficients indicate that the relationship

**Table 4** Hierarchical regression results of HR practices and country origins on five performance measures

	<i>Sales</i>		<i>Net profit</i>		<i>New product development</i>		<i>Employee satisfaction</i>		<i>Employee retention</i>	
	$\beta$	$\Delta R^2$	$\beta$	$\Delta R^2$	$\beta$	$\Delta R^2$	$\beta$	$\Delta R^2$	$\beta$	$\Delta R^2$
Employee size	.06	.01	.08	.02*	.02	.00	-.03	.00	.05	.00
Country		.03*		.05**		.03 <sup>+</sup>		.00		.01
US	2.82*		2.92*		1.66		3.16**		2.86*	
Japan	.62		.06		2.68		3.50*		1.1	
UK	-1.70		-1.06		-.01		1.69		.34	
HR Practices		.03		.08**		.13**		.17**		.07**
Compensation (retention)	.06		.62**		.39 <sup>†</sup>		.60**		.63**	
Compensation (seniority)	.11		.05		.07		.10		-.12	
Structural training	.44*		.24		.55**		.56**		.13	
Diversity	.01		-.03		-.07		.07		.10	
Interactions		.05		.05		.06		.10**		.08**
Retention x US	-.14		-.61 <sup>†</sup>		-.17		-.36		-.78*	
Retention x Japan	.20		-.28		-.20		.00		.52	
Retention x UK	.62		-.22		-.48		-.49		-.20	
Seniority x US	-.19		-.16		-.05		-.17		-.06	
Seniority x Japan	-.10		.20		-.40		-.16		.05	
Seniority x UK	-.07		-.00		-.04		.16		.19	
Training x US	-.37		.09		-.51 <sup>†</sup>		-.44*		.04	
Training x Japan	-.62		-.20		-.34		-1.11**		-.97*	
Training x UK	-.10		.47		.41		-.17		-.03	
Diversity x US	-.10		-.06		.39*		.03		.03	
Diversity x Japan	.31		.31		.22		.17		.02	
Diversity x UK	.00		.15		.18		.03		-.05	
Total R <sup>2</sup>	.12 <sup>†</sup>		.20**		.22**		.27**		.15**	
Adjusted R <sup>2</sup>	.04		.13		.14		.21		.07	
N	243		241		240		244		244	

*Notes*<sup>†</sup> p ≤ .10 \* = p ≤ .05 \*\* = p ≤ .01.

between training and employee satisfaction was negative for the US and Japanese firms relative to local Chinese firms. Similarly, the relationship between training and employee retention was negative for Japanese firms compared to local Chinese firms. Finally, the use of retention-oriented compensation was negatively related to employee retention for US firms compared to local Chinese firms.

To investigate further how country origin moderates the relationship between HR practices and firm performance we computed subgroup (i.e. country of origin) correlations for the significant interaction effects, namely training with satisfaction, training with retention and retention-oriented compensation with retention, and tested for significant differences among the correlations. Results indicated that the relationship of structural training and development with employee satisfaction was significantly stronger for local Chinese firms ( $r = .57$ ) compared to American ( $r = .18$ ) or Japanese firms ( $r = -.22$ ). Similarly, the relationship of structural training and development with retention was stronger for local Chinese firms ( $r = .28$ ) compared to Japanese firms ( $r = -.19$ ). Finally, the relationship of retention-oriented compensation with employee retention was significantly stronger for local Chinese firms ( $r = .38$ ) than for US firms ( $r = -.02$ ). Taken in sum, such results provide some support for the hypothesis that the relationship of HR practices with firm performance is moderated by country origin.

## Discussion

We adopted a cultural values perspective to investigate the effects of country origin on firms' human resource practices for MNCs. We extended recent works in international human resource management by investigating relationships between country origin, HR practices and firm performance of MNCs in Hong Kong. Our results indicate that MNCs of different country origins differ considerably in their HRM practices, particularly in training and development and compensation. Furthermore, we found that HR practices are related to various measures of firm performance. Of further interest was the finding that country origin moderated the relationships between HR practices and firm performance.

We proposed that country origin would influence HR practices, in part, because certain HR practices would be acceptable in some countries with certain cultural values. It is also likely that some of the HR practices used in headquarters will be transferred to foreign subsidiaries. The proposition that cultural values would influence firms' HR practices also led us to make specific directional hypotheses concerning HR practices used by firms originating from certain countries. Although, in general, the results supported our hypotheses, further research is necessary to investigate the specific effects of cultural values on HR practices. For example, researchers might attempt to measure HR practices of firms from various countries and relate such practices to some specific cultural values, perhaps using Hofstede's (1980) values framework. Admittedly, it would be difficult to obtain data regarding HR practices from various firms located in numerous countries. None the less, such an effort could provide further insight into how cultural values influence HR practices, albeit that different contextual variables (such as socio-legal factors, labour market conditions, work-force characteristics) have to be controlled.

We also proposed that country origin would influence HR practices of MNCs because cultural values of countries would influence the extent to which firms from certain countries would relinquish control from headquarters and allow subsidiaries to devise HR practices that adapted to local conditions. Again, future research is called for



to study to what extent cultural values of home countries influence the degree of local adaptation in overseas affiliates. Cross-cultural design that attempts to measure HR practices of MNCs from several countries that operate in various settings is needed so as to investigate whether MNCs from some countries are more adaptable than MNCs originating from other countries. Furthermore, researchers need to consider similarity in cultural values between the host and home countries.

Our results provided tentative support for the proposition that, because of similarity in cultural values, local Chinese and Japanese firms would be similar to each other and firms from Britain and the US would be more similar to each other and that, in general, the Western firms would be different from the Asian firms. Results indicated no differences between US and British firms in their HR practices. There were some interesting differences between Japanese and local Chinese firms, however. Specifically, local Chinese firms were less likely to use seniority-based compensation than were Japanese firms. Similarly, local Chinese firms were the lowest on diversity whereas Japanese firms were highest. Such results support our distinction between Asian countries and lend credence to our suggestion that researchers should not collapse across countries to create 'cultural groups'.

In the present study, we also extended previous research by investigating relationships of HR practices with various indicators of firm performance. As suggested by scholars in this area (Huselid, 1995; MacDuffie, 1995; Wright and McMahan, 1992), we examined several key aspects of HR practices simultaneously. As hypothesized, retention-oriented compensation and structural training and development were positively related to firm performance, although we found no effects for seniority-based compensation and diversity on firm performance. We must be cautious in drawing conclusions about these latter two variables because their low reliability probably reduced the power of observing relationships with the firm performance measures. None the less, our results add to the growing literature suggesting that management of firms' human resources can provide firms with a competitive advantage (Huselid, 1995; Lado and Wilson, 1994; Pfeffer, 1994). In specific, structural training and development and retention-oriented compensation seem to encourage efforts and enhance performance of local employees working in the MNCs.

Results provided some support for the hypothesis that country origin moderates relationships between human resource practices and firm performance. More specifically, the set of interactions terms added significant explanatory variance for employee satisfaction and employee retention. Examination of the interaction terms suggested that the relationship between structural training and development and satisfaction and retention was weaker for Japanese firms in contrast to local Chinese firms. More specifically, structural training and development was positively related to satisfaction and retention for local Chinese firms ( $r_s = .57$  and  $.28$ , respectively) but was negatively related to these outcome variables for Japanese firms ( $r_s = -.22$  and  $-.19$ , respectively). Furthermore, the relationship of structural training and development with employee satisfaction was stronger for local Chinese firms than for US firms ( $r = .18$ ). Therefore, although local Chinese firms tend to have less structural training and development, as indicated by examination of means (presented in Table 3), the training they provided is more effective in increasing employee satisfaction and retention than that provided by Japanese and US firms. Interestingly, the relationship of retention-oriented compensation with employee retention was stronger for local Chinese and Japanese firms compared with American firms ( $r_s$  of  $.38$ ,  $.36$ , and  $-.02$ , respectively). Retention-oriented compensation plans did not increase retention for American firms, but did so

for local Chinese and Japanese firms. Although not a specific hypothesis, we expected that firms from individualistic countries, such as the US, would be more effective in using retention-oriented compensation than would firms from collectivistic countries, such as Hong Kong and Japan (Hofstede, 1980). These results are opposite of what we expected, however. One interpretation of these findings is that local Chinese and Japanese firms were better able to use retention-oriented compensation in a manner that aligns with the values of local Chinese employees. The US firms, in contrast, may have used retention-oriented compensation in a more individualistic manner, which did not match the values of the local employees and therefore had no effect on reducing turnover.

We want to acknowledge certain limitations of our study. First, the results from the factor analysis of the HR practices were not intuitively apparent. Because there is no theory specifying how the twenty-five HR practices should be grouped together, we followed recommendations of Guest (1997) and Wood and Albanese (1995) and conducted an exploratory factor analysis on the items. The use of factor analysis is based on the assumption that the HR practices are related to each other in certain ways that can be captured by a few underlying dimensions. Our intent in using factor analysis was to identify possible underlying dimensions of the twenty-five items describing HRM practices and to summarize these items with a small number of 'derived' variables. These derived variables were used for subsequent statistical analysis and were conceptualized as representing certain 'bundles' of HR practices. There is little theory specifying how HR practices should be bundled together or to explain why some items load on one dimension instead of the other. Furthermore, because of our single-sample research design, we are not able to assess the stability of the four derived HR measures by using another independent sample. Clearly, additional research is needed to replicate our factor structure and further investigate which HR practices tend to be bundled together.

As discussed above, the reliability for two of our measures of HR practices was lower than we would have desired and may have limited detecting relationships of these practices with firm performance. We did find that country origin influenced these HR practices, however, notwithstanding the low reliability. Our measures of performance, although appearing to be content valid and acceptable in organizational survey research, were single-item perceptual measures. Therefore, future research might replicate our results with objective measures of firm performance. Additionally, our response rate was lower than we would have desired, and, although the sample appeared representative of firms in Hong Kong, clearly there may be issues associated with the generalizability of the results given the response rate. Finally, although all the measures were collected from a single survey, it seems unlikely that method variance is an alternative explanation for the effects of country origin on HR practices or the pattern of relationships we found between HR practices and firm performance.

Much of the prior scholarly research in the area of IHRM focuses on corporate-wide and global issues. Relatively few studies address HR policies and practices of MNCs at the host-country level. The present study fills this research void, and contributes to the existing literature in the following two ways. First of all, we investigate the relationships between country origin of MNCs and HR practices, and extend previous studies by examining their impact on firm performance. Second, instead of focusing on a single HR practice such as expatriates' assignment and reward, we analyse several major aspects of HRM (including training and development, performance management and compensation, and diversity of the work-force) simultaneously, and relate them

systematically to various indicators of firm performance. Results indicate a moderating effect of country origin on the relationships between HR practices and performance, and suggest the importance of 'cultural fit' to HRM. This is an area that deserves to be explored in future research.

Hang-Yue Ngo, Chung-Ming Lau and Siu-yun Lui  
Department of Management  
Chinese University of Hong Kong  
Daniel Turban  
Department of Management  
University of Missouri-Columbia

## Acknowledgements

The authors wish to thank the financial support of UGC Direct Grant of the Chinese University of Hong Kong for this project.

## References

- Adler, N. (1986) *International Dimensions of Organizational Behavior*. Belmont, CA: Kent.
- Amante, M.S.V. (1995) 'Employment and Wage Practices of Japanese Firms in the Philippines: Convergence with Filipino-Chinese and Western-owned Firms', *International Journal of Human Resource Management*, 6: 642–55.
- Arthur, J.B. (1994) 'Effects of Human Resource Systems on Manufacturing Performance and Turnover', *Academy of Management Journal*, 37: 670–87.
- Brewster, C. (1995) 'Towards an "European" Model of Human Resource Management', *Journal of International Business Studies*, 26(1): 1–21.
- Caligiuri, P.M. and Stroh, L.K. (1995) 'Multinational Corporation Management Strategies and International Human Resource Practices: Bring IHRM to the Bottom Line', *International Journal of Human Resource Management*, 6: 494–507.
- Cox, T. Jr. and Blake, S. (1991) 'Managing Cultural Diversity: Implications for Organizational Competitiveness', *Academy of Management Executive*, 5: 45–56.
- Delery, J. and Doty, D. (1996) 'Mode of Theorizing in Strategic Human Resource Management: Tests of Universalistic, Contingency, and Configurational Performance Predictions', *Academy of Management Journal*, 39(4): 802–35.
- Dowling, P.J. (1989) 'Hot Issues Overseas', *Personnel Administrator*, 34(1): 66–72.
- Dyer, L. and Reeves, T. (1995) 'Human Resource Strategies and Firm Performance: What Do We Know and Where Do We Need to Go?', *International Journal of Human Resource Management*, 6(3): 656–70.
- England, J. (1989) *Industrial Relations and Law in Hong Kong*. Hong Kong: Oxford University Press.
- Ferner, A. (1996) 'Country of Origin Effects and HRM in Multinational Companies', *Human Resource Management Journal*, 7(1): 19–37.
- Glick, W.H., Miller, C.C. and Huber, G.P. (1993) 'The Impact of Upper-Echelon Diversity on Organizational Performance'. In Huber, G.P. and Glick, W.H. (eds) *Organizational Change and Redesign*. New York: Oxford University Press: pp. 176–214.
- Gomez-Mejia, L.R. and Balkin, D.B. (1992) *Compensation, Organizational Strategy, and Firm Performance*. Cincinnati, OH: South-Western.
- Guest, D.E. (1997) 'Human Resource Management and Performance: A Review and Research Agenda', *International Journal of Human Resource Management*, 8(3): 263–76.
- Hannon, J.M., Huang, I.C. and Jaw, B.S. (1995) 'International Human Resource Strategy and Its Determinants: The Case of Subsidiaries in Taiwan', *Journal of International Business Studies*, 26(3): 531–54.

- Heneman, R.L. (1992) *Merit Pay: Linking Pay Increases to Performance Ratings*. Reading, MA: Addison-Wesley.
- Hiltrop, J. (1996) 'The Impact of Human Resource Management on Organizational Performance: Theory and Research', *European Management Journal*, 14: 628–37.
- Hiramoto, A. (1995) 'Overseas Japanese Plants under Global Strategies: TV Transplants in Asia'. In Frenkel, S. and Harrod, J. (eds) *Industrialization and Labor Relations: Contemporary Research in Seven Countries*. Ithaca, New York: ILR.
- Hofstede, G. (1980) *Culture's Consequences*. Beverly Hills, CA: Sage.
- Hofstede, G. (1991) *Cultures and Organizations: Software of the Mind*. Maidenhead: McGraw-Hill Europe.
- Huo, Y.P. and Von Glinow, M.A. (1995) 'On Transplanting Human Resource Practices to China: A Culture-Driven Approach', *International Journal of Manpower*, 16(9): 3–15.
- Huselid, M.A. (1995) 'The Impact of Human Resource Management Practices on Turnover, Productivity, and Corporate Financial Performance', *Academy of Management Journal*, 38: 635–72.
- Jackson, S. and Schuler, R.A. (1995) 'Understanding Human Resource Management in the Context of Organizations and Their Environments', *Annual Review of Psychology*, 46: 237–64.
- Kirk, R.E. (1968) *Experimental Design: Procedures for the Behavioral Sciences*. Belmont, CA: Brooks/Cole.
- Koch, M.J. and McGrath, R.G. (1996) 'Improving Labor Productivity: Human Resource Management Policies do Matter', *Strategic Management Journal*, 17: 335–54.
- Kopp, R. (1994) 'International Human Resource Policies and Practices in Japanese, European, and United States Multinationals', *Human Resource Management*, 33: 581–99.
- Lado, A., and Wilson, M. (1994) 'Human Resource Systems and Sustained Competitive Advantage: A Competency-based Perspective', *Academy of Management Review*, 19: 699–727.
- Lau, C.M. and Ngo, H.Y. (1996) 'One Country Many Cultures: Organizational Cultures of Firms of Different Country Origins', *International Business Review*, 5: 469–86.
- Lau, C.M. and Ngo, H.Y. (1997) 'Organization Development and Performance: A Comparison of Multinational and Local Firms', Working Paper, Department of Management, The Chinese University of Hong Kong.
- MacDuffie, J.P. (1995) 'Human Resource Bundles and Manufacturing Performance: Flexible Production Systems in the World Auto Industry', *Industrial and Labor Relations Review*, 48(2): 197–221.
- MacDuffie, J.P. and Krafcik, J. (1992) 'Integrating Technology and Human Resources for High-Performance Manufacturing: Evidence from the International Auto Industry'. In Kochan, T. and Useem, M. (eds) *Transforming Organizations*. New York: Oxford University Press.
- Mendonca, M. and Kanungo, R.N. (1994) 'Managing Human Resources: The Issue of Cultural Fit', *Journal of Management Inquiry*, 3(2): 189–205.
- Monks, K. (1996) 'Global or Local? HRM in the Multinational Company: The Irish Experience', *International Journal of Human Resource Management*, 7(3): 721–35.
- Newman, K.L. and Nollen, S.D. (1996) 'Culture and Congruence: The Fit between Management Practices and National Culture', *Journal of International Business Studies*, 27: 753–79.
- Ngo, H.Y. (1996) 'Organizational Structure of Insurance Companies in Hong Kong', *Hong Kong Journal of Business Management*, 14: 21–33.
- Peck, S.R. (1994) 'Explaining the Link between Organizational Strategy and the Employment Relationship: The Role of Human Resources Policies', *Journal of Management Studies*, 31: 715–36.
- Pfeffer, J. (1994) *Competitive Advantage through People: Unleashing the Power of the Work Force*. Boston, MA: Harvard Business School Press.
- Porter, M. (1986) *Competition in Global Industries*. Boston, MA: Harvard Business School Press.

- Prahalad, C.V. and Doz, Y.L. (1987) *The Multinational Mission: Balancing Local Demands and Global Vision*. New York: The Free Press.
- Redding, S.G. (1986) 'Developing Managers without "Management Development": The Overseas Chinese Solution', *Management Education and Development*, 17: 271-81.
- Redding, S.G. and Pugh, D.S. (1986) 'The Formal and the Informal: Japanese and Chinese Organization Structures'. In Clegg, S.R., Dexter, C., Dunphy, S. and Redding, G. (eds) *The Enterprise and Management in East Asia*. Hong Kong Centre of Asian Studies, The University of Hong Kong: pp. 153-68.
- Redding, S.G. and Wong, G.Y.Y. (1986) 'The Psychology of Chinese Organizational Behaviour'. In Bond, M.H. (ed.) *The Psychology of The Chinese People*. New York: Oxford University Press: pp. 267-95.
- Rodgers, R.A. and Wong, J. (1996) 'Human Factors in the Transfer of the "Japanese Best Practice" Manufacturing System to Singapore', *International Journal of Human Resource Management*, 7: 455-88.
- Rosenzweig, P.M. and Nohria, N. (1994) 'Influences on Human Resource Management Practices in Multinational Corporations', *Journal of International Business Studies*, 25: 229-51.
- Rosenzweig, P.M. and Singh, J.V. (1991) 'Organizational Environments and the Multinational Enterprises', *Academy of Management Review*, 16: 340-61.
- Russell, J.S., Terborg, J.R., and Powers, M.L. (1985) 'Organizational Performance and Organizational Level Training and Support', *Personnel Psychology*, 38: 849-63.
- Schuler, R., Dowling, P. and De Cieri, H. (1993) 'An Integrative Framework of Strategic International Human Resource Management', *International Journal of Human Resource Management*, 5(3): 717-64.
- Shaw, J.B., Kirkbride, P.S., Fisher, C.D. and Tang, S. (1993) 'Human Resource Practices in Hong Kong and Singapore: The Impact of Political Forces and Imitation Processes', *Asia Pacific Journal of Human Resources*, 33: 22-39.
- Shaw, J.B., Tang, S., Fisher, C.D. and Kirkbride, P.S. (1993) 'Organizational and Environmental Factors Related to HRM Practices in Hong Kong: A Cross-Cultural Expanded Replication', *International Journal of Human Resource Management*, 4: 785-814.
- Snell, S.A. (1992) 'Control Theory in Strategic Human resource Management: The Mediating Effect of Administrative Information', *Academy of Management Journal*, 35: 292-327.
- Taylor, S. and Beechler, S. (1993) 'Human Resource Management System Integration and Adaptation in Multinational Firms', *Advances in International Comparative Management*, 8. Greenwich, CT: JAI Press. pp. 155-74
- Taylor, S., Beechler, S. and Napier, N. (1996) 'Toward an Integrative Model of Strategic International Human Resource Management', *Academy of Management Review*, 21(4): 959-85.
- Terpstra, D.E. and Rozell, E.J. (1993) 'The Relationship of Staffing Practices to Organizational Level Measures of Performance', *Personnel Psychology*, 46(1): 27-48.
- Von Glinow, M.A. (1993) 'Diagnosing "Best Practice" in Human Resource Management Practices', *Research in Personnel and Human Resources Management*, Suppl. 3. Greenwich, CT: JAI Press, pp. 95-112.
- Vroom, V.H. (1964) *Work and Motivation*. New York: Wiley.
- Wickens, D. (1987) *The Road to Nissan*. London: Macmillan.
- Wong, M. (1996) 'Shadow Management in Japanese Companies in Hong Kong', *Asia Pacific Journal of Human Resources*, 34: 95-110.
- Wood, S. and Albanese, M.T. (1995) 'Can We Speak of Human Resource Management on the Shop Floor?', *Journal of Management Studies*, 3(2): 215-47.
- Wright, P.M. and McMahan, G.C. (1992) 'Theoretical Perspectives for Strategic Human Resource Management', *Journal of Management*, 18: 295-320.
- Yang, J.Z. (1992) 'Americanization or Japanization of Human Resource Management Policies: A Study of Japanese Manufacturing and Service Firms in the United States', *Advances in International Comparative Management*, 7. Greenwich, CT: JAI Press, pp. 77-115.

- Yoshino, M.Y. (1976) *Japan's Multinational Enterprises*. Cambridge, MA: Harvard University Press.
- Yuen, E.C., and Hui, T.K. (1993) 'Headquarters, Host-Culture and Organizational Influences on HRM Policies and Practices', *Management International Review*, 33: 361–83.