

An Extended Abstract of Control of Subsidiary HRM Policies by MNE Headquarters: institutional configuration and micro-political influences

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In the last decade or so there has been increasing interest in the role of institutional context and subsidiary characteristics in influencing the autonomy MNE subsidiaries have in determining local HRM policies, versus tight central control from the center. The overall purpose of this paper is to study the impact of home and host country institutions on the control of subsidiary HRM policies.

Prior research has considered this issue within two main paradigms: comparative institutions (largely macro, quantitative studies), and micro-politics (qualitative comparative case study research). We identify two main weaknesses of prior research: failure to use appropriate multi-level methods in the quantitative studies and failure to effectively integrate insights from institutional and micro-political perspectives. We respond to both of these shortcomings.

Drawing on a large cross-national sample of MNE subsidiaries, we use multilevel methods to consider the joint and interactive effects of firm-level variables and home and host country institutions. We integrate macro and micro-politics explanations.

We substantiate prior findings on the importance of global mandate; subsidiaries serving global markets are granted less autonomy to determine their HRM systems. However, our three-way interaction findings in respect of institutional configuration do not support prior work. Regardless of labor regulation in home and host country, we mostly find an increase in HQ control of subsidiary HRM policies with increased union influence. However, where labor market regulation is low in both home and host country increases to union influence is related to significantly lower levels of HQ control of subsidiary HRM policies.

The difference between this case and the other three cases is quite considerable and is surprising in relation to previous studies. Thus, we recommend that there would be merit in returning to the datasets from prior studies and reanalyzing using multi-level methods.

Keywords:

HRM policies; subsidiary autonomy; institutional distance; multilevel; labor union

This paper is available from the authors.