



# Human resource management practices transferring from foreign firms to Russia: The case of MNCs subsidiaries<sup>☆</sup>

Marina Latukha<sup>a,\*</sup>, József Poór<sup>b</sup>, Ekaterina Mitskevich<sup>a</sup>, Dmitry Linge<sup>c</sup>

<sup>a</sup> St. Petersburg University, Graduate School of Management, Volkhovskiy Pereulok, 3, St. Petersburg 199004, Russia

<sup>b</sup> Szent István University, Péter K.u.1, Room: 4027, Gödöllő H-2100, Hungary

<sup>c</sup> MSU Lomonosova, Economic Faculty, Leninskiye Gory d1, str 46, Moscow 119991, Russia

## ARTICLE INFO

### Keywords:

Human resource management (HRM)  
HRM practices  
Transferring  
MNCs  
Russia

## ABSTRACT

The paper investigates the relationship between cultural fit, state of institutional development, the headquarters–subsidiary relationship and choice of MNCs' strategy for transferring human resource management (HRM) practices through the sample of 21 Russian subsidiaries. The results propose that exportation strategy better suits MNCs that originate from culturally close countries that enter markets with a relatively developed institutional and business environment. Adaptation strategy is suitable for home countries that are culturally distant, while integration strategy appears to be universal and allows capturing the benefits and mitigating the drawbacks of other strategies. The paper also discusses the connection between the establishment mode, which serves as a formal operationalization of the headquarters (HQ)–subsidiary relationship, and knowledge flows. The result can be important for Central and Eastern Europe (CEE) countries and to support the decision-making process for MNCs considering entering this region.

## 1. Introduction

A number of scholars prove that the effect that human capital has on a company's profitability is largely determined by the practices a firm uses to manage its human resources (Bayo-Moriones and Merino-Díaz de Cerio, 2002; De Saá-Pérez & García-Falcón, 2002). This, in turn, has led to the widely shared perception, among academics, that HRM systems are an important source of a firm's sustainable competitive advantage (Bognar & Bansal, 2014; Forghani & Tavasoli, 2017). The globalization of business resulted in an emergence of academic interest towards the topic of multinational corporations (MNCs), whereby the transition of human resource management (HRM) from a support function to a crucial element of a firm's overall strategy became evident (Björkman & Welch, 2015; Brewster, Mayrhofer, & Smale, 2016).

Given the impressive growth of MNCs in a number of foreign subsidiaries and hence their geographical presence (Birkinshaw & Prashantham, 2012; Brenner, 2009) and the fact that they operate in a highly competitive context, the application of the most effective practices of managing human resources to all business units became crucial for building sustainable competitive advantage and, thus, survival (Ahlvik & Björkman, 2015; Evans, Pucik, & Björkman, 2011; Horwitz, 2011). Following this academic and business need, the phenomenon of

transferring HRM systems or their elements from headquarters to foreign subsidiaries emerges (e.g. Ahlvik, Smale, & Sumelius, 2016; Haddock-Millar, Sanyal, & Müller-Camen, 2016; Mellahi, Frynas, & Collings, 2016). Despite the attention paid by scholars to this topic, it remains understudied (Ayentimi, Burgess, & Dayaram, 2018; Chiang, Lemanski, & Birtch, 2017). Ayentimi, Burgess, and Brown (2018) claim that the majority of researches consider internationalization through a general strategy lens, while the HRM context attracts little attention. According to Beugelsdijk, Kostova, Kunst, Spadafora, and van Essen (2018) the influence of cultural distance, one of the main factors that affects entering the foreign market, on the internationalization process remains unclear despite a huge number of researches, as these are too broad and general and they respectively use different cultural dimensions frameworks without explaining their relevance. Moreover, another important factor of internationalization, the differences between host and home countries' institutional environment, needs more thorough research, especially when it comes to MNCs from developed markets entering emerging ones (Edwards, Schnyder, & Fortwengel, 2019; Thite, Wilkinson, & Shah, 2012).

These emerging economies get more and more attention nowadays, as a lot of MNCs allocate their subsidiaries in developing countries, and the number of such firms grows significantly (Skuz, Scullion, &

<sup>☆</sup> This research did not receive any specific grant from funding agencies in the public, commercial, or not-for-profit sectors.

\* Corresponding author.

E-mail addresses: [marina.latuha@gsom.pu.ru](mailto:marina.latuha@gsom.pu.ru) (M. Latukha), [kate.mickiewicz@gmail.com](mailto:kate.mickiewicz@gmail.com) (E. Mitskevich).

McDonnell, 2013). Not surprisingly, the distinctive features of HRM systems common to these markets start to play an important role in the commercial success of MNCs. The host country context is likely to have a considerable impact on the process and outcomes of transmission of HRM practices from headquarters to subsidiaries. From this perspective, we see that the analysis of Russian cultural and institutional characteristics is important due to their cultural closeness to CEE countries and an institutional sharing of the same socialist past (e.g. Skuza et al., 2013; Vaiman & Holden, 2011). Additional support for the idea of the Russian context can be found in the great number of MNCs from developed countries operating in the Russian market; for those the transfer of HRM practices still remains an important agenda as contemporary Russia is still involved in social, political, and economic transformations whereas other countries have not changed so much during the same period (Stoner, 2018).

In this paper we aim to tackle the prescient yet understudied topic of factors that influence HRM practices' transfer strategy in CEE and Russia and to address the aforementioned academic gaps as regards the unclear connection between cultural and institutional factors in the HRM context. In order to do this, we undertake an empirical study of the way MNCs from different countries entered the Russian market; namely, we investigate how the headquarters–Russian subsidiary cultural distance and HRM practices' transfer strategy are related; what is the relationship between the year of entry to the Russian market and a company's HRM practices' transfer strategy; and does the HRM practices' transfer strategy vary for companies with a different nature of relationship between their headquarters and a Russian subsidiary?

## 2. Transfer of HRM practices: theoretical background

As MNCs have proven to be particularly effective in transferring knowledge using their internal networks (Gupta & Govindarajan, 1991; Johanson & Vahlne, 2009), they appear to be the main agents of HRM systems transfer (Festing, Knappert, Dowling, & Engle, 2012; Pudelko & Harzing, 2007). According to Edwards (1998), there are three main types of HRM practices' transfer and diffusion: namely, forward transfer from headquarters to a subsidiary; horizontal transfer among different subsidiaries; and reverse transfer from a subsidiary to headquarters.

From a strategic management perspective, the first decision a company has to make is to select an internationalization strategy that would suit the organization's needs and goals. According to Perlmutter (1969) and Bartlett and Ghoshal (1989), the options typically are: global strategy in which processes are centralized and subsidiaries resemble the headquarters rather than local firms; multi-domestic strategy which implies decentralization of control that leads to a prevalence of local practices in an MNC's subsidiaries; and, finally, transnational strategy following which the companies try to apply worldwide standards to both headquarters and subsidiaries. Subsequently it was pointed out by many scholars that MNCs generally face two types of pressure: the desire to be efficient on the global scale and, thus, promote international standards among their subsidiaries, and the necessity to be locally responsive to achieve competitiveness in local markets (Björkman & Budhwar, 2007; Jackson, Schuler, & Jiang, 2014; Oppong, 2017a).

In the field of HRM, it is reflected in similar debates on the convergence or divergence of HRM practices used in subsidiaries compared to those applied in headquarters (Paauwe, 2004; Paik, Chow, & Vence, 2011), sometimes conceptualized as an opposition between universalistic (best practices) and contingency (best fit) approaches (Farndale, Brewster, & Poutsma, 2008; Farndale & Paauwe, 2007; Ferner et al., 2011; Smale, Björkman, & Sumelius, 2013). Taylor, Beechler, and Napier (1996) suggest the most favoured by scholars is classification that includes strategies of exportation, adaptation and integration.

The *exportation* strategy reflects the convergence approach and is built on the assumption that there are universally applicable “best

practices” that are not context-related in terms of their effectiveness (Gamble, 2003). Studying exportation strategy, academics traditionally argue the question of emergence of “best practices” within MNCs, bringing the country-of-origin and dominance (Brewster, Sparrow, & Vernon, 2007; Pudelko & Harzing, 2007) effects into the field.

There are multiple reasons that explain why MNCs might prefer the exportation strategy when it comes to the establishment of practices in their foreign subsidiaries. First of all, many scholars focus on the cost factor (e.g., Lertxundi, 2008; Schmitt & Sadowski, 2003), underlining the benefits of economy of scale. In addition to forming the competitive advantage of a firm (Dickmann, 2003; Gooderham & Nordhaug, 2003; Huang, Dyerson, Wu, & Harindranath, 2015), exported practices are claimed to improve coordination within an MNC and increase organizational control of a parent company over its subsidiaries (Brewster, Mayrhofer, & Cooke, 2015; Budhwar & Sparrow, 2002). Apart from that, universal HR practices promote a common corporate culture and create an international network (Parry, Dickmann, & Morley, 2008; Smale et al., 2013), foster organizational learning through transfer of knowledge developed in headquarters and standardization of unique skills (Dickmann, 2003; Parry et al., 2008).

In contrast to exportation, the second strategy, *adaptation*, follows the divergence approach and depends on the notion of imperative fit between HRM practices and cultural and institutional context, hence confronting the best-practices-fit-all idea (Pudelko & Harzing, 2007; Thite et al., 2012). The adaptation strategy supports a widespread approach to HRM that emphasizes the low likelihood of HRM cross-cultural convergence compared to other business functions as HRM systems deal with managing people and consequently are more responsive to cultural values and social structures (Kim & Gray, 2005; Lazarova, Peretz, & Fried, 2017; Pudelko & Harzing, 2007; Rosenzweig, 2006). Thus, following the adaptation strategy, MNCs try to adapt to the specific local context to the highest extent by letting subsidiaries develop their own HRM systems which subsequently resemble the HRM systems of local companies rather than the ones employed in headquarters (Lertxundi, 2008). This strategy is applicable when MNCs do not perceive their HRM systems to be core competences, as it is suggested that HRM differs in the way it is defined and implemented according to the context of various countries (Brewster et al., 2015).

However, both exportation and adaptation strategies have been criticized for being overly simplistic (Leung, Bhagat, Buchan, Erez, & Gibson, 2005; Scott, 2001) and adhering to extremes (Wilkinson, Wood, & Demirbag, 2014), instigating scholars focus their attention on integration strategy. According to this strategy, firms implement a standardized HRM system throughout an organization, though some localization is allowed (Taylor et al., 1996). Two decades ago Frenkel and Peetz (1998) noticed that the convergence trend triggered by globalization was challenged by the phenomena of national culture, the role of government and national industrialization strategies. Two years later Katz and Darbishire (2000) developed the concept of converging divergences to describe the increasing convergence of sets of HRM practices among countries coupled with the growing divergence of some practices within these countries. Many scholars have argued along similar lines. Thus, Brewster (2002) claims that orientations for standardization and adaptation are usually both applied to corporations. Edwards, Colling, and Ferner (2007) show that even in the case of adoption of global practices they are usually adapted to local conditions to a certain extent. Björkman, Smale, Sumelius, Suutari, and Lu (2008) add that in the introduction process of HRM practices to foreign subsidiaries, MNCs tend to simultaneously face the pressure of adaptation and standardization, which is later supported by Yahiaoui (2015) and Oppong (2017b).

Finally, it is important to mention the mechanisms for the transfer of practices. Chiang et al. (2017) identify formal and informal mechanisms that an organization might exploit for transferring HRM practices. According to them, formal mechanisms, e.g. policies, procedures and guidelines, consist of manuals, HRM best practice systems

(Edwards & Ferner, 2004) and procedures; while informal mechanisms are mainly presented by relocations and management transfers (Lazarova & Tarique, 2005) and internal networks and knowledge flows (Edwards & Ferner, 2004).

### 3. Factors that influence the transfer of HRM practices

The factors that explain the extent to which MNCs adapt their HRM practices when transferring them to foreign subsidiaries became a focus of some studies (Morris et al., 2009; Pudelko & Harzing, 2007). However, this field stays underdeveloped academically, as the majority of attention in the MNC internationalization field is given to the broader topic of general internationalization factors with no regard to HRM (Ayentimi, Burgess, & Brown, 2018). Extant papers usually discuss factors of *national culture* and *institutions*, claiming these two dimensions to be the most powerful in the determination of transfer strategy (Budhwar & Sparrow, 2002; Edwards & Ferner, 2004; Edwards et al., 2019; Khilji, 2003; Myloni, Harzing, & Mirza, 2004). Usually, researchers distinguish two main types of these factors: cultural (Hofstede, 2003; Myloni et al., 2004) and institutional (Gunnigle et al., 2005; Scott, 2001) for both host and home countries and the gaps between them. At the same time, while these two groups are external characteristics to be dealt with, there are factors determined by internal decisions, which reflect the relationship between headquarters and the subsidiary (Ahlvik et al., 2016; Kostova, Marano, & Tallman, 2016; Parry et al., 2008).

#### 3.1. Cultural factors

The cultural context of host and home countries has always been deemed to be of a great importance for the internationalization process, as it plays the most prominent role in shaping organizational behaviour (Hofstede, 2001; Kirkman, Lowe, & Gibson, 2017). In order to better understand and operationalize the cultural gap the term “cultural distance” is widely used, which means the difference in the cultures of host and home countries (Beugelsdijk & Mudambi, 2013; Shenkar, Luo, & Yeheskel, 2008). To measure cultural distance two main frameworks are widely used: Hofstede's (Hofstede, 2001) framework and the Global Leadership and Organizational Behaviour Effectiveness (GLOBE) framework (House, Hanges, Javidan, & Dorfman, 2004).

Originally Hofstede proposed ranking cultures in four dimensions: individualism–collectivism; uncertainty avoidance; power distance, and masculinity–femininity. Throughout his later research he added two more: long-term versus short-term and indulgence versus self-restraint orientations. These later additions made his chief opponents, the GLOBE researchers, question the validity of Hofstede's study wondering what other dimensions he might have missed simply because his client, IBM, was not interested in them (Javidan, House, Dorfman, Hanges, & Sully de Luque, 2006). In addition to this, GLOBE researchers doubted that culture could be embodied simply in an average score of how respondents evaluate themselves, which led them to distinguish values (how things should be on each cultural scale) and practices (how things are now). For the needs of this research it is important to mention that values are more important than practices in terms of transferring HRM practices, as even if two societies have different practices but similar values, any interaction between these two countries will not be hampered by significant difficulties (Javidan et al., 2006). Finally, the GLOBE framework is used with increasing frequency nowadays, because Hofstede's data is often out-dated (Beugelsdijk et al., 2018).

Despite the long research history in this field of study, the meta-analysis of Beugelsdijk et al. (2018) shows that the results of studies on the topic of cultural distance and internationalization are inconsistent and sometimes even contradictory. The authors ascribe this to the small specificity of such studies, which tend to generalize results to a great extent and operationalize variables through different frameworks yet do not explain the relevance of their use.

#### 3.2. Institutional factors

Similarly to cultural distance, institutional theory is used to explain how host and home countries' institutional configuration and the difference between them affect the internationalization process (Geppert, Matten, & Walgenbach, 2006; Kim, 2012; Sidani & Al Ariss, 2014), especially in the case of entering a less developed market (Edwards et al., 2019; Najeeb, 2013). The institutional environment creates “rules of the game” determining the enabling and constricting factors that can enforce or hinder the success of an MNC (Scott, 2001). While the home country institutional factors affect the internationalization process in a way that being consecutive and non-restrictive they encourage companies to engage into international activity and vice versa (Buckley et al., 2007), host country institutional factors determine how exactly a firm operates in a foreign market (Dunning & Lundan, 2008). These factors are determined by political (regulatory system, corruption), economic (trade rules) and social (ethical norms, attitude towards business) environment (Peng, Wang, & Jiang, 2008). It is important to underscore the lack of research with how significant dissimilarities between host and home country institutional systems, for example, in the case of entering an emerging market from a developed one, affect firm's behaviour (Thite et al., 2012).

#### 3.3. Headquarters–subsidiary relationship

The last set of factors that shape the way a HRM system will be implemented in subsidiaries comprises those factors that deal with the internal attributes and the relationship between headquarters and subsidiaries (Parry et al., 2008). In the meta-analysis of studies on the topic of the headquarters–subsidiary relationship, two types of relationship are distinguished: formal (Myloni, Harzing, & Mirza, 2007; Steger, Lang, & Groeger, 2011), which captures power and control over a subsidiary and coordination mechanisms; and informal (Michailova & Mustaffa, 2012), which deals with networks and knowledge flows (Kostova et al., 2016). As entry and establishment modes define formal processes in a subsidiary, they might be used for the operationalization of formal factors (Shen & Puig, 2018).

There is evidence that the more control (embedded in formal factors) the headquarters has over the subsidiary, the more likely it is to export its HRM practices without making any serious adjustments (Myloni et al., 2007). Regarding knowledge flows, their direction is considered: reverse knowledge flows from a subsidiary to a headquarters imply a subsidiary's larger role in building the competitive advantage of an MNC, which can result in the enhanced status and autonomy of a subsidiary (Edwards & Tempel, 2010).

## 4. CEE context and Russia

Central and Eastern Europe (CEE) is a term that refers to the group of former socialist governments, such as Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia. The CEE region is of particular interest to academics regardless of its relative geographical proximity for comparing countries to emerged economies and to each other; their overall internal similarity, performance and size of these countries differs significantly (Schwartz & McCann, 2007; Stor et al., 2017). Nevertheless, Brewster, Morley, and Bučićiuniene (2010) noticed that the issue of HRM in this region is not fully covered.

The distinguishing features of HRM systems in CEE are commonly cited to be dictated by the former influence of the Soviet Union and its socialist past (Skuzza et al., 2013; Vaiman & Holden, 2011). The aspiration for hierarchy and centralization typical of CEE managers significantly obstruct relations with international companies, increasing the demand for managers who are able to become middlemen between a post-socialist or communist way of doing business and a free market spirit. Among the main problems of the region are: underdevelopment

of business education in the region and, consequently, a shortage of managers in the labour market who possess the necessary managerial competences (Vaiman & Holden, 2011); high migration of young specialists to developed countries; underinvestment in human capital (Alas & Svetlik, 2004); and overall inefficiency of used HRM practices. Some authors also mention the unwillingness of managers to engage subordinates in the decision-making process and the negative attitude of young specialists to show engagement and initiative, which are usually perceived as a threat to the authority and position of a manager (Skuzza et al., 2013).

Russia as the research context was often included in studies about CEE countries both as the part of CEE area and as an environment with settings similar to those in CEE (such as the shift from a planned to market economy, strict governmental control, bureaucratic, and a corruptive and inefficient business environment, etc.), which makes comparative analysis and generalization of Russia and CEE contexts possible (Horwitz, 2011; Poór et al., 2014; Stor et al., 2017; Vaiman & Holden, 2011). Besides, we see some common trends in Russia and CEE regional development linked to rather slow changes in macro- and microenvironments (Gurkov & Saidov, 2017; Poór et al., 2014), resulting in a contemporary Russia that is still not very transparent and is coupled with a lack of governmental support for business and a weak institutional context. However, given the common socialist past of CEE countries and Russia, which resulted in many similar features in HRM systems in CEE and Russia (Runst, 2013), Russia being an important investment direction (Budhwar, Varma, & Patel, 2016) and the adequate experience of researchers in conducting studies in Russia, we believe that a Russian perspective can add significant value to the CEE academic field. Thus, in subsequent parts of the paper the cultural and institutional environment in Russia will be described.

#### 4.1. Culture

For the cultural evaluation of Russia, we used the GLOBE model (House et al., 2004) for reasons already discussed earlier in this paper. The summary of scores is presented in Table 1. According to the GLOBE methodology there are two sets of scores: values ('should be' state) and practices ('as is' state).

As can be seen from the table, some characteristics differ significantly regarding their 'should be' and 'as is' state. Among them are performance orientation (5.54 vs. 3.39), future orientation (5.48 vs. 2.88), power distance (2.62 vs. 5.52) and uncertainty avoidance (5.07 vs. 2.88).

Power Distance (PD) is the degree to which members of the society

accept hierarchy and inequality in power distribution. That dimension alone has a huge impact on managerial practices and HRM policies as a result. In high PD societies misuse of power is more common. Obedience pushes line-level decisions to the top, consuming top managers' time, but makes it easier to implement decisions from the top down with less questioning of those decisions, thus, making it easier to implement centralized policies unless they are being quietly sabotaged.

GLOBE researchers distinguish two kinds of collectivism: institutional and in-group. Institutional collectivism orientation describes to which degree organizations or societal institutions value and reward collective actions and participate in collective distribution of resources. In-group collectivism dimension describes to which degree people of the particular society feel a need for belongingness, cohesiveness, loyalty and pride in regard to the group. In collectivist societies, employees need to be rewarded as a group. Rewarding an individual in such cultures breaks group cohesiveness and may demotivate the team. This is reflected in a common Russian practice of non-performance related year-end bonus. Another phenomenon that stems from high PD and high in-group collectivism and penetrates through the entire society is corruption. High PD comes with a propensity to misuse power but joined with tight, cohesive, trustworthy working groups of extended family members corruptive behaviour becomes easier to hide and harder to prove.

Russia has a low ranking for Uncertainty Avoidance (UA) and Future Orientation (FO), 2.88 for both. FO is the degree to which society members engage in future-oriented behaviour and delay immediate gratification for long-term gains. UA orientation demonstrates to which degree the society relies on norms, traditions and formal procedures to avoid risks and unpredictability in the future. In HRM it can be observed through low respect and reliance for formalized procedures and instructions.

Humane Orientation (HO) and Assertiveness (A) are two orientations that were presented in Hofstede's model as feminine–masculine orientation. HO is the degree to which the society rewards caring, nurturing, kindness, generosity, fairness and altruistic behaviour. Assertiveness is the degree to which aggressive, competitive, confrontational and assertive behaviour is valued in the society. The last dimension is Gender Egalitarianism that assesses to which degree the society minimizes gender inequality. Russia has a high ranking in this criterion. This can be attributed, again, to the socialist heritage that gave women equal rights (without their demonstration) and provided equal educational and occupational (at least formally) opportunities.

Thus, it can be seen that cultural profile greatly shapes how a company should operate in a country. Given the inconsistency and excessive generalization, which presumably hinder results of studies dedicated to the relationship of culture (Valitova & Besson, 2018) and the internationalization process (Thite et al., 2012), it makes sense to study how differences between the Russian cultural profile and that of an MNC's origin country are connected to transferring HRM practices (Gurkov & Saidov, 2017; Valitova & Besson, 2018). It allows positing the first research question as follows:

**RQ1.** How are cultural distance between the headquarters and Russian subsidiary and the strategy for HRM practices' transfer related?

#### 4.2. Institutions

The formation of institutions in modern Russia was significantly affected by the heritage of the Soviet Union, and its repercussions are still predominantly visible in the social system. First of all, Domsch and Lidokhover (2007) notice that despite a strong educational system built in the Soviet Union, after its fall the country gradually lost highly qualified young specialists: the government was no longer able to sustain the educational system at a high level because of a funding decrease. According to Gurkov and Zelenova (2009, 2012), it was only in the 2000s that labour relationships were finally legitimized in post-

**Table 1**  
The results of GLOBE estimation of Russia.

Values	
Performance orientation	5.54
Assertiveness	2.83
Future orientation	5.48
Humane orientation	5.59
Institutional collectivism	3.89
In-group collectivism	5.79
Gender egalitarianism	4.18
Power distance	2.62
Uncertainty avoidance	5.07
Practices	
Performance orientation	3.39
Assertiveness	3.68
Future orientation	2.88
Humane orientation	3.94
Institutional collectivism	4.5
In-group collectivism	5.63
Gender egalitarianism	4.07
Power distance	5.52
Uncertainty avoidance	2.88

soviet Russia, which led to the establishment of new psychological contracts and a shortage of qualified labour force in the market. The problems related to a lack of business education in the country, which led to an overall deficiency in business knowledge, marketing, finance, product management and foreign languages, also mentioned by Fey, Engstrom, and Björkman (1999) and Dirani, Ardichvili, Cseh, and Zavyalova (2015). However, with the emergence of business education the situation has improved in the recent years (Bjorkman, Fey, & Park, 2007). The political and economic problems caused by the break-up of the Soviet Union led to a high level of managers' disregard towards the government and the law (May, Puffer, & McCarthy, 2005). However, this tension is mitigated by time, and now they resemble a partnership rather than a rivalry.

The economic environment in Russia is characterized by a structural imbalance (OECD, 2011), widespread segmentation and income inequalities as key characteristics of the Russian labour market. According to research, these factors are driven by the weakness of labour legislation, the low power of collective bargaining and labour unions, underdevelopment of active labour market programmes and ineffective labour protection mechanisms. In addition, the financial system is not benevolent to business due to high risks (Novitskaya & Brewster, 2016).

The political institution can be characterized as restrictive and, at the same time, under regulated (Puffer & McCarthy, 2007). The state tries to directly or indirectly control huge corporations, while small businesses struggle to survive due to corruption and unfavourable conditions (Gurkov & Saidov, 2017; Gurkov & Zelenova, 2008). Unlike economic and social institutions, this did not change much during more than two decades of a post-socialist era.

All in all, we can see that institutional factors in Russia significantly change through time, and a company, which enters the Russian market now, faces a different country to one that entered at the end of the twentieth century. Thus, it is interesting to study how the time of entry to Russia, which reflects the institutional environment, is connected with HRM strategy, leading to the second research question:

**RQ2.** What is the relationship between year of company's entry to the Russian market and the strategy for HR practices' transfer?

#### 4.3. Headquarters–subsidiary relationship in Russia

There is no unanimous consent about any pattern to the headquarters–subsidiary relationship of MNCs in Russia. Some authors state that due to cultural and institutional distance MNCs tend to largely adapt their behaviour and do not follow well-established patterns (Bjorkman et al., 2007; Domsch & Lidokhover, 2007), others prove that slight adaptation is more efficient (Gurkov, Morgunov, & Saidov, 2017). Headquarters–subsidiary relationship factors could affect this behaviour (Parry et al., 2008), however, these relationships are highly company-specific, which makes generalization for a certain country irrelevant. Thus, it makes sense to research the connection between them, using formal (establishment mode) and informal (knowledge flows) relationship factors, which constitutes the third research question:

**RQ3.** Does the strategy for HR practices' transfer vary for companies with a different nature of relationship between the headquarters and Russian subsidiary?

## 5. Methodology

### 5.1. Sample

The study focuses on strategies for transferring HRM practices implemented by MNCs to regulate the relationship with their subsidiaries in Russia. To reach a wider range of organizations and, at the same time, to ensure an adequate response rate, we used the databases of the

corporate partners of the Faculty of Economics at Moscow State University and the Graduate School of Management at Saint Petersburg State University. In total, both databases included 113 MNC distinct representatives that operate in the Russian market. The respondents were contacted by their corporate addresses with e-mails that explained the goal of this research and contained a direct link to the online questionnaire. Results presented in this article are based on the fully completed questionnaires received from HR directors, HR managers and CEOs of 21 Russian subsidiaries of foreign MNCs, which implies that the response rate was equal to 18.6%. All the respondents obtained a university degree, most of them (around 86%) have a Specialist in Economics diploma. 76.2% of companies represent trade organizations and firms providing financial services. But as industrial and other companies are also presented in the empirical part, we decided not to focus on analysis of any particular industry.

### 5.2. Questionnaire design and measurement

This research was conducted as a part of the project run by The Central and Eastern European International Research Team (CEEIRT). CEEIRT is composed of academics that represent universities located in CEE. The project is aimed at studying the transition of HRM practices in the CEE region and examines the role that MNCs play in this process; it is longitudinal and is constantly updated. This particular paper presents part of the results gained during the last iteration of the project in Russia in 2015.

Due to the explanatory nature of the study and peculiarities of the relationship with the universities' corporate partners that became research participants, we used a survey as our research strategy. To ensure that the questions were similarly interpreted by different respondents (Robson, 2002), they were first tested with experts, which helped to review both the structure of the survey and the formulation of specific items. Since the questionnaire was originally designed in English and later translated into Russian, the Russian wordings were additionally verified by professional translators. The questionnaire consisted of nine major parts, results from six of which got included in this paper. Most of the questions were multiple choice questions, though for some of them we approached with a 5-point Likert scale or kept questions open. Through the questions were included in the first two parts, we gained some descriptive information about respondents and the companies they represented: i.e., personal data about the respondents and core information about MNCs, including the role of their subsidiaries in the value chain, the activity sector to which they belong, etc. The third block of questions helped us to learn about national origin of the parent company and location of the regional centre that later allowed us to capture the cultural difference between headquarters and subsidiary. Based on the assumption about the state of institutional development in Russia varying significantly within different time periods, we asked respondents about the year the Russian subsidiary was established. Block five helped us to evaluate the relationship between headquarters and subsidiary by asking about the form of subsidiary establishment and by measuring the importance of different types of knowledge flows within the researched organizations. Finally, for assessing the strategy for transferring HRM practices, we explored the type of interaction between HR departments of headquarters and subsidiaries.

## 6. Results

### 6.1. Organizational details

Table 2 provides some characteristics of the companies that participated in the survey.

Trade and financial services turned out to be the sectors in which the vast majority of the participated subsidiaries operated. Fewer companies represented industry and other sectors with 14.3 and 9.5%

**Table 2**  
Characteristics of the companies that participated in the research.

	% distribution
Main sector of the activity	
Industry	14.3%
Trade	38.1%
Financial service	38.1%
Other	9.5%
Role of the company	
Sales & marketing	76.2%
Production/operation	38.1%
Purchasing	14.3%
R&D	14.3%
Other	4.8%
Total number of employees	
Below 250	42.9%
251–1000	4.8%
1001–2000	9.5%
2001–5000	19.0%
Over 5000	23.8%

of the respondents correspondingly. Most of the subsidiaries undertook sales and marketing functions in Russia; 38.1% of them ran their own production; and only 14.3% of the respondents were responsible for purchasing R&D. As it may be observed from the table, more than a half of the participated firms were large companies with the number of employees exceeding 250 people, while the rest of the sample belonged to small or medium enterprises. Not surprisingly, the subsidiaries with their own production were bigger in size than companies that were only involved in other stages of the value chain.

## 6.2. Culture

As theory suggests that the national culture of the home country and its closeness to the host country culture play a substantial role in the process of transferring HRM practices, it was important to identify where the headquarters of participated subsidiaries were located. Table 3 contains the information about home countries and the managerial cultures of MNCs that participated in the research.

In order to estimate the cultural closeness of these countries to Russia, we compared them in regard to GLOBE cultural dimensions both in terms of practices and values (Table 4).

To capture the overall cultural fit between parent countries of the studied MNCs and Russia, we decided not to focus on each of the featured dimensions in particular but rather to follow an approach within which culture is perceived as a combination of these dimensions. We operationalized cultural closeness by calculating average differences in the dimensions' evaluations of Russia and each of the MNC origin countries. Thanks to that, we were able to obtain the big picture and use

**Table 3**  
Origin and management culture of the parent company.

	% distribution
Origin of the parent company	
Germany	33.3%
Austria	9.5%
Poland	9.5%
France	9.5%
Greece	9.5%
Japan	4.8%
UK	14.3%
US	9.5%
Management culture of the parent company	
German	42.9%
Southern Europe and Latin	19.0%
Anglo-Saxon	23.8%
Eastern Europe	9.5%
Asian	4.8%

this to draw some insight into the strategies for transferring HRM practices. The results are presented in Fig. 1.

Thus, the countries were divided into four groups based on their cultural similarity or difference with Russia in terms of currently introduced practices and the values locals possess. Poland and Greece were found to be very close to Russia from both perspectives and formed group 1. German and Austrian organizations valued similar things to Russian firms, though current practices there were quite different from Russian ones: these countries were referred to as group 2. Group 3 included countries that turned out to be relatively far from Russia in terms of current and desired culture: Japan, the UK and the USA. Finally, France was the only country that constituted group 4 as it had similar practices but varied in values. Even though formation of these groups is an interesting topic for further discussion in itself, in order to answer the first research question of this study we had to understand whether there was any relationship between headquarters–subsidiary cultural fit and the strategy for transferring HRM practices. In order to do that, we built a two-way relative frequency table (Table 5).

According to the research data, countries whose values and practices were close to those in Russia (group 1) tended to use exporting strategy. A closeness of cultures in both dimensions allowed for exploitation of all the advantages of export strategy, the first of which is the effectiveness of transferred practices due to proximity of cultures both in the current time period and in the long-term perspective. In addition to this, exporting meant easy implementation, as copying of practices and following a well-established pattern takes significantly less effort than working out new practices, implementing and testing them. Consequently, this ease resulted in lower costs and faster implementation, which allowed for an efficiently performing HRM system in the subsidiary in less time. Moreover, transferring practices without significant changes facilitated interaction between the headquarters and subsidiary, as they were both on the same page regarding HRM practices and understood what their partner was dealing with. However, subsequent to export strategy the over control of a subsidiary was a potential trap, which could lead to frustration for the subsidiary's management and a drop in performance. Moreover, thoughtless export without taking into consideration difference in details might hinder performance as well, as no cultures are completely the same, and a minimal level of adaptation to local conditions is sometimes required. Export also complicates the process of turning practices into values, as the proximity of cultures and lack of change do not provide the necessary dynamics and impulse for development.

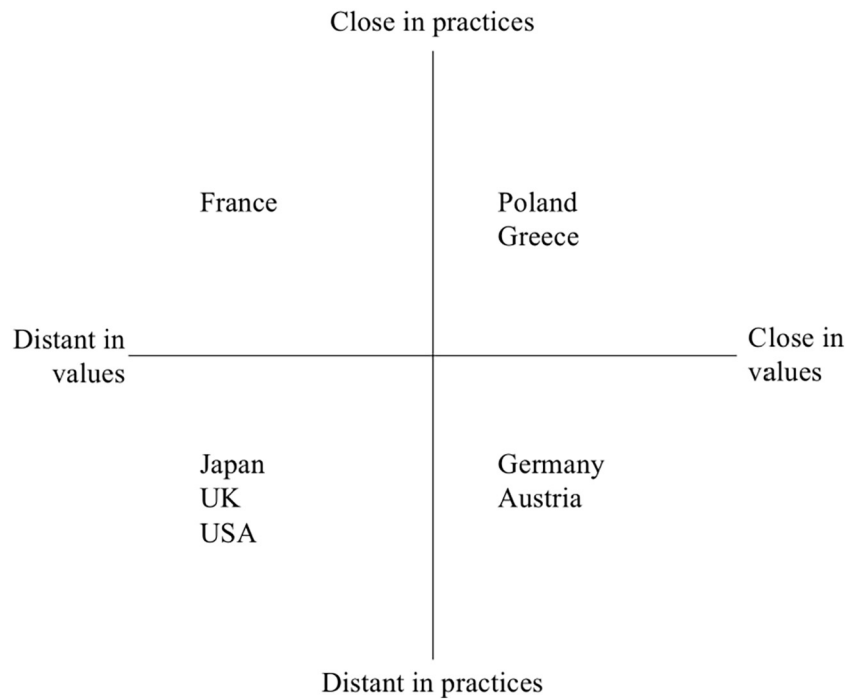
Groups 2 and 4 needed a more complicated approach to HRM practices transfer, as their cultures were simultaneously similar and different to Russian culture. Therefore, they preferred to use integration strategy to address these differences. This increased costs for HRM practices' transfer and the number of people involved in the re-engineering of practices, but the final system of practices integrated both the host and home countries' HRM, combining the best practices from headquarters and local peculiarities, which increased local responsiveness and efficiency. Moreover, the countries of the second group were in a beneficial position as their values were similar to Russian ones. In addition, with the development of practices at headquarters towards values there could be no conflict with Russian subsidiaries, as the desired development direction was congruous. Regarding the fourth group, the situation was the opposite as current practices needed little adjustment, but future conflicts became possible due to differences in a desired state (Table 6).

The third group, which consists of countries furthest from Russia, both in practices and values, preferred adaptation strategy as they not only had different current practices but also a different desired future state. Adaptation to local conditions mitigated the risks of transferring practices, which could cause frustration and conflict, and ensured that the HRM system fitted the local environment. However, this approach bore several disadvantages. First of all, the adaptation process is the

**Table 4**  
Comparison of cultural dimensions of MNCs' home countries and Russia.

Country	Performance orientation	Assertiveness	Future orientation	Humane orientation	Institutional collectivism	In-group collectivism	Gender egalitarianism	Power distance	Uncertainty avoidance
<b>Practices</b>									
Russia	M	M	L	M	M	H	M	H	L
Germany	M	M	M	M	M	M	M	H	H
Austria	M	M	M	M	M	M	L	M	H
Poland	M	M	M	M	M	H	M	H	M
France	M	M	M	M	M	M	M	H	M
Greece	M	M	M	M	M	H	M	H	M
Japan	M	M	M	M	H	M	M	H	M
UK	M	M	M	M	M	M	M	H	M
USA	M	M	M	M	M	M	M	M	M
<b>Values</b>									
Russia	H	L	H	H	M	H	M	L	H
Germany	H	M	H	H	M	H	M	L	M
Austria	H	L	H	H	M	H	M	L	M
Poland	H	M	H	H	M	H	M	L	M
France	H	M	M	H	M	H	M	L	M
Greece	H	L	H	H	H	H	M	L	H
Japan	H	H	H	H	M	H	M	L	M
UK	H	M	H	H	M	H	H	L	M
USA	H	M	H	H	M	H	H	L	M

Note: H = high (scores 5–7), M = medium (scores 3–5); L = low (scores 1–3).



**Fig. 1.** Cultural difference of studied MNC home countries and Russia.

**Table 5**  
Conditional relative frequency for rows: the relationship between cultural distance and HRM practices' transfer strategy.

Group	Strategy			
	Export	Integration	Adaptation	Total
Group 1	0.75	0.25	0	1
Group 2	0	1	0	1
Group 3	0	0.33	0.67	1
Group 4	0	1	0	1
Total	0.14	0.67	0.33	1

**Table 6**  
Conditional relative frequency for rows: the relationship between HRM practices' transfer strategy and year of establishment of Russian subsidiary.

Year	Strategy			
	Export	Integration	Adaptation	Total
1990–1995	0.38	0.63	0	1
1996–2000	0	0.67	0.33	1
2001–2005	0	0.67	0.33	1
Total	0.14	0.67	0.19	1

most costly one in terms of money and time. In addition to this, the accumulated headquarters' experience is not utilized in a subsidiary, which is especially adverse for companies whose competitive edge lies in HRM. Communication between the headquarters and subsidiary could also be hindered as they could “speak different languages” in terms of HRM, leading to an inaccurate evaluation of subsidiary performance and needs.

### 6.3. Institutions

As previously mentioned, taking into account the institutional change in Russia triggered by perestroika, we assume that the moment of entry may have a certain impact on the transfer process of HRM practices to Russian subsidiaries. Bearing in mind the fact that the approach to HRM in Russia has drastically changed since the last century, we consider an earlier entry to be an impeding factor for the transfer of modern HRM practices as companies established in the 1990s might be more path dependent. We find support for this assumption in some researches on organizational change in post-socialist countries, e.g. Puffer and McCarthy (1993) who argue that despite the changes in the environment, companies were found to be more likely to stick to known routines and reproduce old practices (Soulsby & Clark, 2007). It is interesting that most of the surveyed MNCs had established their Russian subsidiaries in the 1990s, when the legacy of socialist approaches to HRM was particularly strong, which might create additional challenges for their headquarters in the process of transferring HRM systems. In order to recognize any patterns in choice of transfer strategy in connection to the market entrance period, we again built a two-way relative frequency table.

Again, some valuable insights might be gained from the sample data. It is clear that integration strategy was the most popular option for MNCs during all time periods, while frequency of its implementation increased in the 2000s. This pattern may be explained by the institutional differences between Russia and the majority of other countries, especially in regard to compensation, labour protection and other areas closely governed by local authorities. Under such conditions simple copying of foreign practices becomes impossible or hard to implement. However, there were some situations when full export of practices was not only possible but preferable in the early 1990s: this was the case for Greece and Poland from the study sample, and, presumably, for other Eastern European countries affected by socialist influence as institutions there were similarly developed and, consequently, practices were already suitable for Russian realities. Over time the Russian labour code and labour institution developed and became more similar to that of developed countries, which facilitated transferring of headquarters' practices.

Export and adaptation strategies are particularly interesting due to their specificity. As we can see from the table, all of the companies that exported HRM practices entered the Russian market in the period of 1990–1995 and were attributed to group 1 (close both in practices and values) regarding proximity of culture. At that time, right after the break-up of the Soviet Union, Russian HR practices were severely underdeveloped and it was risky to make a subsidiary responsible for them. In addition to this, tight control and coordination helped to mitigate poor institutional conditions of that time. That is why culturally close countries seized the opportunity, exported HRM practices and succeeded. Over time the business and institutional environment in Russia developed considerably and local management became more reliable and effective, which resulted in a shift towards adaptation strategy (Table 7).

### 6.4. Headquarters–subsidiary relationship

As we have discussed in the theoretical part, the power a parent company has over its subsidiary plays a huge role in determining the strategy that an MNC should follow for transferring HRM practices

**Table 7**  
Conditional relative frequency for rows: the relationship between establishment mode of Russian subsidiary and HRM practices' transfer strategy.

Establishment	Strategy mode			
	Export	Integration	Adaptation	Total
Merger/acquisition	0.17	0.67	0.17	1
Greenfield investment	0.13	0.67	0.20	1
Total	0.14	0.67	0.19	1

abroad. Formal power can be determined, among other factors, by the mode an MNC has chosen to enter the Russian market.

Despite theory suggesting that companies that acquired or merged with already existing firms might face more pressure in their attempts to export HRM systems compared to MNCs that used a greenfield investment mode, the results of our study did not support this in regard to the Russian market. We found that export strategy was used by MNCs that entered the Russian market both using acquisitions and establishing a new subsidiary from scratch. Regarding adaptation and integration strategies there are now prominent patterns as well, except for some prevalence of integration for greenfield established subsidiaries. Thus, we can conclude that the formal factor of headquarter–subsidiary relationship – establishment mode – has a weak connection with HRM practices' transfer decisions. It makes sense, because practices are embedded deeper than formal processes, they lie in human relationships. This fact creates a connection between HRM practices' transfer strategies and knowledge flows, which reflect this relationship, which is especially interesting for consideration.

As supposed earlier, in the case of knowledge flows their connection with HRM practices' transfer strategies is significantly more prominent. First of all, every company that exported practices had a strong top-down knowledge flow from the headquarters to subsidiary, which indicates a high level of headquarters' control. From the one perspective, such an interaction mode is convenient for both parties as it explicitly differentiates between headquarters' responsibilities and a subsidiary's and provides control over a subsidiary's activity. From the other perspective it hampers experience exchange because headquarters might miss important insights from the Russian market that can build up the overall performance of an MNC. However, the majority of companies with one-way knowledge flow chose integration strategy. In this case apart from the aforementioned drawbacks the success of a subsidiary could be undermined by the lack of cohesion between headquarters and a subsidiary and by possible opportunistic behaviour of local managers, which could be hard to detect because of a limited bottom-up knowledge flow.

Companies for whom a bottom-up knowledge flow is particularly important tended to choose adaptation strategy. It allowed rapidly addressing local issues and enriching headquarters with the best practices from the Russian market, however, a subsidiary might lack the important insights from headquarters, which could possibly enhance local HRM practices (Table 8).

**Table 8**  
Conditional relative frequency for rows: the relationship between knowledge flow direction priority and HRM practices' transfer strategy.

Knowledge	Strategy flow direction			
	Export	Integration	Adaptation	Total
From the parent company to the subsidiary	0.25	0.75	0	1
From the subsidiary to the parent company	0	0.4	0.6	1
Between subsidiaries	0	0.75	0.25	1
Total	0.14	0.67	0.19	1



The great importance of inter-subsidiaries' knowledge exchange indicates a high level of subsidiaries' autonomy. In this research there are several companies that claim to use predominantly this mode of knowledge flow, and they mostly integrate or, to a lesser extent, adapt HRM practices. It allows subsidiaries to share experience gained in local markets, which is especially beneficial for those MNCs for which subsidiaries lie at the end of a value chain, providing the best fit between business goals and processes. However, similarly to the case of predominant bottom-up knowledge flow, the connection between headquarters and a subsidiary can be lost.

## 7. Conclusion

The research considered various factors that might be related to choice of strategy for transferring HRM practices from headquarters to subsidiaries in MNCs. More specifically, we looked more closely at cultural distance between country of origin and destination country, development of institutions in a country where a subsidiary was established and peculiarities of the relationship between headquarters and a specific subsidiary. We determined factors influencing HRM practices' transfer based on the data of 21 Russian subsidiaries of foreign MNCs mostly representing trade and financial firms. Based on this we claim that our results can be of particular interest for companies from these sectors.

To study the cultural aspect we used the GLOBE framework, which appeared to be more relevant in our case than Hofstede's. We understood that both dimensions of the framework – values and practices – matter as well as the difference between them. The relationships of these two aspects with HRM practices' transfer strategies were analysed using cross tabulation, which provided several important insights. Countries close to Russia both in values and in practices mainly export practices, which allow cutting costs and rapidly establishing an efficient HRM system. The most culturally distant countries tend to adapt practices in order to avoid an incompatibility risk. Other countries mix the two approaches and choose different degrees of integration of home best practices and local features. The managerial implication of this finding lies in providing guidance to MNCs in strategy choices when entering foreign markets of different cultural distance. This is supported by the fact that the GLOBE framework is open for everyone, which facilitates the usage of this finding by managers and enhances the decision-making process.

As we can see from both theoretical and empirical analysis, the institutional environment of Russia is likely to negatively affect the quality of local human resources, which MNCs have to take into consideration when making decisions on a strategy for both transferring HRM practices to local subsidiaries and stimulating this transferring. Despite our research being based on time-distant entries in the Russian market, it is possible to see the value of the findings. As the Russian economy is nowadays involved in considerable economic transformation and still hasn't overcome significant problems related to institutional and business environments, social inequality and economic instability (economic sanctions and reciprocal countersanctions, decrease in world oil and energy prices, etc.) (Gurkov & Saidov, 2017; Smirnov & Cheberko, 2018), we claim that our results are still valuable, and in some aspect are similar to our research period. Hence, we claim that entering a country with poor institutional conditions and underdeveloped business and HRM, MNCs should first consider exportation and integration strategies depending on how distant the host country's culture is. Adaptation strategy is beneficial in a market with well-established HRM, business and institutions to avoid implementation of inefficient practices.

Regarding the headquarters–subsidiary relationship we operationalize it in a formal (establishment mode) and informal (direction and importance of knowledge flows) ways. Although we supposed that during mergers and acquisitions processes MNCs' headquarters might have more obstacles in their HRM transferring systems compared to

MNCs with a greenfield investment mode (whereas the latter does not already have developed HRM practices) it appeared that no prominent pattern was found in the relationship between establishment mode and HRM practices' transfer strategies. However, further research is needed to be certain of the lack of connection.

Informal factors revealed a much more prominent connection. Top-down flows are typical for companies that exported or integrated practices, bottom-up flows – for those who adapted or integrated them. That is explained by the level of control needed by the headquarters. Inter-subsidiary flow is adopted by companies, which chose adaptation or integration, as this type of flow is very beneficial for subsidiaries with high autonomy. Thus, we argue that with choice of transfer strategy knowledge flows can be managed, however, regarding knowledge flows balance is important, which is best achieved by integration strategy.

The study contributes to Fardale and Paaue (2007) and Pudelko and Harzing (2007) who claim that adoption of HRM practices may lead to conflicts due to a possible gap between home and host country cultures, institutions and business systems. We also consider our research in line with the notion that as MNCs' headquarters and foreign subsidiaries face different institutional contexts, and hence different pressures, foreign firms need to adapt their HRM practices; additionally, their transferring depends on the cultural and institutional environment (Oppong, 2017b; Yahiaoui, 2015). Moreover, we see that the research continues a discussion about exploration of HRM practices' transferring mechanisms (Ahlvik & Björkman, 2015; Mellahi et al., 2016; Pudelko & Harzing, 2007) and suggests their applicability in a particular context such as Russia. Finally, it provides an additional angle to studies about the influence of cultural context of the internationalization of companies, which is especially significant given the lack of consistency in extant researches and overly broad results (Beugelsdijk et al., 2018).

The results are applicable not only to Russia, but to CEE countries as well, serving as guidance for MNCs during market entrance decisions, especially for trade and financial companies. Moreover, findings are able to fill the extant gaps in academic literature and become the basis of future, more specific researches covering other industries in more detail. Our research is especially interesting given the CEE context as we believe that results are applicable to CEE countries, their being close to Russia culturally and institutionally.

Despite our findings already raising some important conclusions, there are several limitations. First of all, we believe that a bigger sample can provide additional exploratory insights into HRM practices transferring from foreign firms to Russia. Specifically we see that interesting findings can be revealed for companies with different industrial backgrounds, which also requires more comparative data. It is also important to create a pool of comparative studies of other CEE economies with comparison to Russia to be able to generalize on HRM transferring trends and perspectives.

## References

- Ahlvik, C., & Björkman, I. (2015). Towards explaining subsidiary implementation, integration, and internalization of MNC headquarters HRM practices. *International Business Review*, 24(3), 497–505.
- Ahlvik, C., Smale, A., & Sumelius, J. (2016). Aligning corporate transfer intentions and subsidiary HRM practice implementation in multinational corporations. *Journal of World Business*, 51(3), 343–355.
- Alas, R., & Svetlik, I. (2004). Estonia and Slovenia: Building modern HRM using a dualist approach. *Human resource management in Europe: Evidence of convergence?* (pp. 353–384).
- Ayentimi, D., Burgess, J., & Dayaram, K. (2018). Local isomorphism and multinational enterprises' human resource management practices: Extending the research agenda. *Journal of Management & Organization*, 1–16 published online.
- Ayentimi, D. T., Burgess, J., & Brown, K. (2018). A conceptual framework for international human resource management research in developing economies. *Asia Pacific Journal of Human Resources*, 56, 216–237.
- Bartlett, C. A., & Ghoshal, S. (1989). *Managing across borders*. Business Books.
- Bayo-Moriones, A., & Merino-Díaz de Cerio, J. (2002). Human resource management, strategy and operational performance in the Spanish manufacturing industry.

- Management, 5(3), 175–199.
- Beugelsdijk, S., Kostova, T., Kunst, V. E., Spadafora, E., & van Essen, M. (2018). Cultural distance and firm internationalization: A meta-analytical review and theoretical implications. *Journal of Management*, 44(1), 89–130.
- Beugelsdijk, S., & Mudambi, R. (2013). MNEs as border-crossing multi-location enterprises: The role of discontinuities in geographic space. *Journal of International Business Studies*, 44, 413–426.
- Birkinshaw, J., & Prashantham, S. (2012). Handbook of research on international strategic management. Essay. *Initiative in multinational subsidiaries. Vol. 512* Edward Elgar Publishing.
- Bjorkman, I., & Budhwar, R. (2007). When in Rome? Human resource management and the performance of foreign firms operating in India. *Employee Relations*, 29(6), 595–610.
- Bjorkman, I., Fey, C. F., & Park, J. P. (2007). Institutional theory and MNC subsidiary HRM practices: Evidence from a three-country. *Journal of International Business Studies*, 38(3), 430–446.
- Björkman, I., Smale, A., Sumelius, J., Suutari, V., & Lu, Y. (2008). Changes in institutional context and MNC operations in China: Subsidiary practices in 1996 versus 2006. *International Business Review*, 17, 146–158.
- Björkman, I., & Welch, D. (2015). Framing the field of international human resource management research. *International Journal of Human Resource Management*, 26(2), 136–150.
- Bognar, W. C., & Bansal, P. (2014). Knowledge management as the basis of sustained high performance. *Journal of Management Studies*, 44(1), 165–188.
- Brenner, B. (2009). *Management control in Central and Eastern European subsidiaries*. Basingstoke England: Palgrave Macmillan.
- Brewster, C. (2002). Human resource practices in multinational companies. In M. J. Gannon, & K. L. Newman (Eds.). *The Blackwell handbook of cross-cultural management* (pp. 126–141). Oxford: Blackwell.
- Brewster, C., Mayrhofer, W., & Cooke, F. L. (2015). Convergence, divergence and diffusion of HRM in emerging markets. In F. Horwitz, & P. Budhwar (Eds.). *Handbook of human resource management in emerging markets* (pp. 451–469). Cheltenham: Edward Elgar.
- Brewster, C., Mayrhofer, W., & Smale, A. (2016). Crossing the streams: HRM in multinational enterprises and comparative HRM. *Human Resource Management Review*, 26(4), 285–297.
- Brewster, C., Morley, M., & Bučiūniene, I. (2010). The reality of human resource management in Central and Eastern Europe. *Baltic Journal of Management*, 5(2), 145–155.
- Brewster, C., Sparrow, P., & Vernon, G. (2007). *International human resource management* (2nd ed.). London: Chartered Institute of Personnel and Development.
- Buckley, P. J., Clegg, J., Cross, A., Zheng, P., Voss, H., & Liu, X. (2007). The determinants of Chinese outward foreign direct investment. *Journal of International Business Studies*, 39(4), 499–518.
- Budhwar, P. S., & Sparrow, P. R. (2002). An integrative framework for understanding cross-national human resource management practices. *Human Resource Management Review*, 12(3), 377–403.
- Budhwar, P. S., Varma, A., & Patel, C. (2016). Convergence-divergence of HRM in the Asia-Pacific: Context-specific analysis and future research agenda. *Human Resource Management Review*, 26(4), 311–326.
- Chiang, F. F. T., Lemanski, M. K., & Birtch, T. A. (2017). The transfer and diffusion of HRM practices within MNCs: Lessons learned and future research directions. *The International Journal of Human Resource Management*, 28(1), 234–258.
- Dickmann, M. (2003). Implementing German HRM abroad: Desired, feasible, successful? *International Journal of Human Resource Management*, 14(2), 265–283.
- Dirani, K. M., Ardichvili, A., Cseh, M., & Zavyalova, E. (2015). Human resource management in Russia, Central and Eastern Europe. *Handbook of human resource management in emerging markets* (pp. 357–371). Edward Elgar Publishing Ltd.
- Domsch, M., & Lidokhover, T. (2007). *Human resource management in Russia. Contemporary employment relations series* Aldershot: Ashgate.
- Dunning, J. H., & Lundan, S. M. (2008). *Multinational enterprises and the global economy*. Cornwall: Edward Elgar Publishing.
- Edwards, T. (1998). Multinationals, labour management and the process of reverse diffusion: A case study. *The International Journal of Human Resource Management*, 9(4), 696–709.
- Edwards, T., Colling, T., & Ferner, A. (2007). Conceptual approaches to the transfer of employment practices in MNCs: An integrated approach. *Human Resource Management Journal*, 17(3), 201–217.
- Edwards, T., & Ferner, A. (2004). Multinationals, reverse diffusion and business systems. *Management International Review*, 24(1), 51–81.
- Edwards, T., Schnyder, G., & Fortwengel, J. (2019). Mapping the impact of home- and host-country institutions on human resource management in emerging market multinational companies: A conceptual framework. *Thunderbird International Business Review* published online:10.1002/tie.22036.
- Edwards, T., & Tempel, A. (2010). Explaining variation in reverse diffusion of HR practices: Evidence from the German and British subsidiaries of American multinationals. *Journal of World Business*, 45, 19–28.
- Evans, P., Pucik, V., & Björkman, I. (2011). *The global challenge: International human resource management* (2nd ed.). New York: McGraw-Hill Irwin.
- Farndale, E., Brewster, C., & Poutsma, E. (2008). Coordinated vs. liberal market HRM: The impact of institutionalization on multinational firms. *The International Journal of Human Resource Management*, 19(11), 2004–2023.
- Farndale, E., & Paauwe, J. (2007). Uncovering competitive and institutional drivers of HRM practices in multinational corporations. *Human Resource Management Journal*, 17(4), 355–375.
- Ferner, A., Tregaskis, O., Edwards, P., Edwards, T., Marginson, P., Adam, D., & Meyer, M. (2011). HRM structures and subsidiary discretion in foreign multinationals in the UK. *The International Journal of Human Resource Management*, 22(3), 483–509.
- Festing, M., Knappert, L., Dowling, P. J., & Engle, A. D. (2012). Global performance management in MNEs: Conceptualization and profiles of country-specific characteristics in China, Germany, and the United States. *Thunderbird International Business Review*, 54(6), 825–843.
- Fey, C., Engstrom, P., & Björkman, I. (1999). Doing business in Russia: Effective human resource management practices for foreign firms in Russia. *Organizational Dynamics*, 69–79 Autumn.
- Forghani, M. A., & Tavasoli, A. (2017). Investigating the relationship between knowledge management dimensions and organizational performance in lean manufacturing. *International Journal of Management, Accounting and Economics*, 4(3), 218–225 March.
- Frenkel, S., & Peetz, D. (1998). Globalization and industrial relations in East Asia: A three-country comparison. *Industrial Relations*, 3, 282–310.
- Gamble, J. (2003). Transferring human resource practices from the United Kingdom to China: The limits and potential for convergence. *The International Journal of Human Resource Management*, 14(3), 369–387.
- Geppert, M., Matten, D., & Walgenbach, P. (2006). Transnational institution building and the multi-national corporation: An emerging field of research. *Human Relations*, 59(11), 1451–1465.
- Gooderham, P. N., & Nordhaug, O. (2003). *International management: Cross-boundary challenges. Management, organizations, and business series*. Malden, MA: Blackwell Pub.
- Gunnigle, P., Edwards, T., Colling, T., Ferner, A., Gunnigle, P., Muller-Camen, M., ... Wächter, H. (2005). Unravelling home and host country effects: An investigation of the HR policies of an American multinational in four European countries. *Industrial Relations: A Journal of Economy and Society*, 44(2), 276–307.
- Gupta, A. K., & Govindarajan, V. (1991). Knowledge flows and the structure of control within multinational corporations. *The Academy of Management Review*, 16(4), 768–792.
- Gurkov, I., Morgunov, E., & Saidov, Z. (2017). Robustness and flexibility of human resource management practices: The results of a repeated survey of Russian subsidiaries of multinational corporations. *Employee Relations*, 39(5), 594–625.
- Gurkov, I., & Saidov, Z. (2017). Current strategic actions of Russian manufacturing subsidiaries of Western multinational corporations. *Journal of East-West Business*, 23(2), 171–193.
- Gurkov, I., & Zelenova, O. (2008). Human resource management in Russia. In M. J. Morley, N. Heraty, & Michailova (Eds.). *Managing human resources in Central and Eastern Europe* (pp. 150–188). London, UK: Routledge.
- Gurkov, I., & Zelenova, O. (2012). Human resource management in Russian companies. *International Studies of Management and Organizations*, 41(4), 66–80.
- Gurkov, I. B., & Zelenova, O. (2009). *Managing human resources in Russia*. L.: Routledge.
- Haddock-Millar, J., Sanyal, C., & Müller-Camen, M. (2016). Green human resource management: A comparative qualitative case study of a United States multinational corporation. *International Journal of Human Resource Management*, 27(2), 192–211.
- Hofstede, G. (2001). *Culture's consequences: International differences in work-related values* (2nd ed.). Beverly Hills, CA: Sage.
- Hofstede, G. (2003). What is culture? A reply to Baskerville. *Accounting, Organizations and Society*, 28(7–8), 811–813.
- Horwitz, F. M. (2011). Future HRM challenges for multinational firms in Eastern and Central Europe. *Human Resource Management Journal*, 21(4), 432–443.
- House, R. J., Hanges, P. J., Javidan, M., & Dorfman, P. W. (2004). *Culture, leadership, and 30 organizations; the GLOBE study of 62 societies*. Thousand Oaks, CA: Sage.
- Huang, K.-F., Dyerson, R., Wu, L.-Y., & Harindranath, G. (2015). From temporary competitive advantage to sustainable competitive advantage. *British Journal of Management*, 26(4), 617–636.
- Jackson, S. E., Schuler, R. S., & Jiang, K. (2014). An inspirational framework for strategic human resource management. *The Academy of Management Annals*, 8(1), 1–56.
- Javidan, M., House, R. J., Dorfman, P., Hanges, P., & Sully de Luque, M. (2006). Conceptualizing cultures and their consequences: A comparative review of GLOBE's and Hofstede's approaches. *Journal of International Business Studies*, 37(6), 897–914.
- Johanson, J., & Vahlne, J.-E. (2009). The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership. *Journal of International Business Studies*, 40(9), 1411–1431.
- Katz, H., & Darbishire, O. (2000). *Converging divergences: Worldwide changes in employment systems*. Ithaca, NY: ILR/Cornell University Press.
- Khilji, S. E. (2003). To adapt or not to adapt, exploring the role of national culture in HRM – A study of Pakistan. *International Journal of Cross Cultural Management*, 3(1), 109–132.
- Kim, C. J. (2012). *Isomorphic pressure for MNCs: Institutional misalignment and practice adoption*. San Antonio, TX: University of Texas at San Antonio.
- Kim, Y., & Gray, S. J. (2005). Strategic factors influencing international human resource management practices: An empirical study of Australian multinational corporations. *The International Journal of Human Resource Management*, 16(5), 809–830.
- Kirkman, B. L., Lowe, K. B., & Gibson, C. B. (2017). A retrospective on culture's consequences: The 35-year journey. *Journal of International Business Studies*, 48, 12–29.
- Kostova, T., Marano, V., & Tallman, S. (2016). Headquarters–subsidiary relationships in MNCs: Fifty years of evolving research. *Journal of World Business*, 51(1), 176–184.
- Lazarova, M., Peretz, H., & Fried, Y. (2017). Locals know best? Subsidiary HR autonomy and subsidiary performance. *Journal of World Business*, 52(5), 83–96.
- Lazarova, M., & Tarique, I. (2005). Knowledge transfer upon repatriation. *Journal of World Business*, 40(4), 361–373.
- Lertxundi, A. (2008). Transfer of HRM practices to subsidiaries: Importance of the efficiency of the HRM system. *Management Research*, 6(1), 63–73.
- Leung, K., Bhagat, R. S., Buchan, N. R., Erez, M., & Gibson, C. B. (2005). Culture and international business: Recent advances and their implications for future research. *Journal of International Business Studies*, 36(4), 357–378.
- May, R., Puffer, S. M., & McCarthy, D. J. (2005). Transferring management knowledge to

- Russia. A culturally based approach. *Academy of Management Executive*, 19(2), 24–35.
- Mellahi, K., Frynas, J. G., & Collings, D. G. (2016). Performance management practices within emerging market multinational enterprises: The case of Brazilian multinationals. *International Journal of Human Resource Management*, 27(8), 876–905.
- Michailova, S., & Mustaffa, Z. (2012). Subsidiary knowledge flows in multinational corporations: Research accomplishments, gaps, and opportunities. *Journal of World Business*, 47, 383–396.
- Morris, S. S., Wright, P. M., Trevor, P. S., Stahl, G. K., Snell, S., Paaauwe, J., & Farndale, E. (2009). Global challenges to replicating HR: The role of people, processes and systems. *Human Resource Management*, 48(6), 973–995.
- Myloni, B., Harzing, A. W., & Mirza, H. (2007). The effect of corporate-level organizational factors on the transfer of human resource management practices: European and us MNCs and their Greek subsidiaries. *The International Journal of Human Resource Management*, 18(12), 2057–2074.
- Myloni, B., Harzing, A.-W. K., & Mirza, H. (2004). Host country specific factors and the transfer of human resource management practices in multinational companies. *International Journal of Manpower*, 25(6), 518–534.
- Najeeb, A. (2013). Institutional perspective in HRM and MNC research: A review of key concepts. *International Journal of Employment Studies*, 21(2), 79–100.
- Novitskaya, O., & Brewster, C. (2016). The impact of national context effects on HRM practices in Russian subsidiaries of western MNCs. *Journal of East-West Business*, 22(1), 1–27.
- OECD (2011). *OECD reviews of labour market and social policies: Russian Federation*. OECD Publishing.
- Oppong, N. Y. (2017a). Exploring the importance of human resource activities-strategies alignments: Interactive brainstorming groups approach. *Cogent Business & Management*, 4(1), 1–12.
- Oppong, N. Y. (2017b). Still the dark continent? Towards contextual methodological approaches to management development research in foreign multinational firms in Africa. *International Journal of Cross Cultural Management*, 17(2), 237–256.
- Paaauwe, J. (2004). *Hrm and performance: Achieving long-term viability*. Oxford etc.: Oxford University Press.
- Paik, Y., Chow, I. R., & Vence, C. M. (2011). Interaction effects of globalization and institutional forces on international HRM practice: Illuminating the convergence-divergence debate. *Thunderbird International Business Review*, 53(5), 647–659.
- Parry, E., Dickmann, M., & Morley, M. (2008). North American MNCs and their HR policies in liberal and coordinated market economies. *International Journal of Human Resource Management*, 19(11), 2024–2040.
- Peng, M. W., Wang, D., & Jiang, Y. (2008). An institution-based view of international business strategy: A focus on emerging economies. *Journal of International Business Studies*, 39(5), 920–936.
- Perlmutter, H. V. (1969). The tortuous evolution of the multinational corporation. *Columbia Journal of World Business*, 4(1), 9–18.
- Poór, J., Karoliny, Z., Dobrai, K., Slavic, A., Kerekes, K., Farkas, F., & Engle, A. D. (2014). Factors influencing human resource management solutions at subsidiaries of multinational companies in Central and Eastern Europe. *Journal of East-West Business*, 20(2), 93–119.
- Pudelko, M., & Harzing, A. W. (2007). Country-of-origin, localization, or dominance effect? An empirical investigation of HRM practices in foreign subsidiaries. *Human Resource Management*, 46(4), 535–559.
- Puffer, S., and D. McCarthy. 2007. Can Russia's state-managed, network capitalism be competitive? Institutional pull versus institutional push. *Journal of World Business*, 42, pp. 1–13.
- Puffer, S. M., & McCarthy, D. J. (1993). Soviet managers view organizational change in large state enterprises. *Journal of Organizational Change Management*, 6, 6–23.
- Robson, C. (2002). *Real world research. A resource for social scientists and practitioner researchers* (2nd ed.). Oxford: Blackwell.
- Rosenzweig, P. M. (2006). The dual logics behind international human resource management: Pressures for global integration and local responsiveness. In G. Stahl, & I. Björkman (Eds.). *Handbook of research in international human resource management* (pp. 36–48). Cheltenham: Edward Elgar.
- Runst, P. (2013). Post-socialist culture and entrepreneurship. *American Journal of Economics and Sociology*, 72(3), 593–626.
- De Saá-Pérez, P., and García-Falcón, J.M. 2002. A resource-based view of human resource management and organizational capabilities development. *International Journal of Human Resource Management*, 13 (1), pp. 123–40.
- Schmitt, M., & Sadowski, D. (2003). A cost-minimization approach to the international transfer of HRM practices: Anglo-Saxon multinationals in the Federal Republic of Germany. *International Journal of Human Resource Management*, 14(3), 409–430.
- Schwartz, G., & McCann, L. (2007). Overlapping effects: Path dependence and path generation in management and organization in Russia. *Human Relations*, 60(10), 1525–1549.
- Scott, W. R. (2001). *Institutions and organizations*. Thousand Oaks, CA: Sage.
- Shen, Z., & Puig, F. (2018). Spatial dependence of the FDI entry mode decision: Empirical evidence from emerging market enterprises. *Management International Review*, 58(1), 171–193.
- Shenkar, O., Luo, Y., & Yehekel, O. (2008). From “distance” to “friction”: Substituting metaphors and redirecting intercultural research. *Academy of Management Review*, 33, 905–923.
- Sidani, Y., & Al Ariss, A. (2014). Institutional and corporate drivers of global talent management: Evidence from the Arab Gulf region. *Journal of World Business*, 49(2), 215–224.
- Skuzza, A., Scullion, H., & McDonnell, A. (2013). An analysis of the talent management challenges in a post-communist country: The case of Poland. *The International Journal of Human Resource Management*, 24, 453–470.
- Smale, A., Björkman, I., & Sumelius, J. (2013). Examining the differential use of global integration mechanisms across HRM practices: Evidence from China. *Journal of World Business*, 48(2), 232–240.
- Smirnov, S., & Cheberko, E. (2018). Current stage of entrepreneurship development in Russia from 2014 up to 2017: Main issues and trends. *Proceedings on International OFEL Conference on Governance, Management and Entrepreneurship; Zagreb* (pp. 344–355).
- Soulsby, A., & Clark, E. (2007). Organization theory and the post-socialist transformation: Contributions to organizational knowledge. *Human Relations*, 60(10), 1419–1442.
- Steger, T., Lang, R., & Groeger, F. (2011). Expatriates and the institutionalization of HRM practices. *Baltic Journal of Management*, 6(1), 7–24.
- Stoner, A. (2018). Introduction: Russia in retrospect and in prospect. *Comparative Politics*, (April), 295–303.
- Stor, M., Poór, J., Szabo, K., Slavić, A., Zaharie, M., & Machova, R. (2017). The emerging outline of selected HRM business practices in MNC in Central Europe – The empirical research findings. *Journal of Intercultural Management*, 8(3), 105–137.
- Taylor, S., Beechler, S., & Napier, N. (1996). Toward an integrative model of strategic international human resource management. *Academy of Management. The Academy of Management Review*, 21(4), 959–985.
- Thite, M., Wilkinson, A., & Shah, D. (2012). Internationalization and HRM strategies across subsidiaries in multinational corporations from emerging economies—A conceptual framework. *Journal of World Business*, 47(2), 251–258.
- Vaiman, V., & Holden, N. (2011). Talent management perplexing landscape in Central and Eastern Europe. In H. Scullion, & D. G. Collings (Eds.). *Global talent management* (pp. 178–193). London: Routledge.
- Valitova, A., & Besson, D. (2018). Perception of Russian employees' culture by Western managers of Western subsidiaries in Russia. *Society and Business Review*, 13(2), 195–216.
- Wilkinson, A., Wood, G., & Demirbag, M. (2014). Guest editors' introduction: People management and emerging market multinationals. *Human Resource Management*, 53(6), 835–849.
- Yahiaoui, D. (2015). Hybridization: Striking a balance between adoption and adaptation of human resource management practices in French multinational corporations and their Tunisian subsidiaries. *The International Journal of Human Resource Management*, 26(13), 1665–1693.