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Title: Five star hotels of a Multinational Enterprise in countries of the transitional periphery: A case study in human resources management

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Abstract

The paper examines the application of human resource management (HRM) practices by a Multinational Enterprise (MNE) whose operations extend from unexplored post-Soviet countries' transitional periphery economies to advanced economies. By involving hotels of a global luxury US chain in Azerbaijan (Caucasus) and Kyrgyzstan (Central Asia), this in-depth case study focuses on the labour-intensive hospitality industry which, although being relatively neglected by mainstream research, is among the first movers in new markets through the setting of business infrastructure and then leisure tourism. Through Whitley's dimensions of employer-employee interdependence and employee delegation, comparisons highlighted few differences between properties operating in the particular transitional periphery economies and those in a developed country (Germany) owned by the same chain. On the basis of corroboration obtained through a multiple case study methodology, dissimilarities identified were in terms of the flexibility of employment, outsourcing and dismissal procedures; however, despite socio-economic differences across nations, it is argued that luxury hospitality MNEs are able to maintain an overall uniform implementation of HRM policies and practices regardless of locale through a "geocentric" approach as illustrated by Perlmutter (1969) in his seminal work.

1. Introduction

Multinational Enterprises (MNEs) operating in emerging economies may decide to implement "low-road" practices established as key areas in the global division of labour (McCann & Schwartz, 2006). As cut-throat competition pushes businesses to converge to cost-reducing strategies, human resources management (HRM) application tends towards calculative approaches reflecting "bleak house theories of globalization" (Wood, Dibben, Stride, & Webster, 2011) unless organizations focus on higher value-added segments (Batt, 2000). This challenge is particularly evident in labour-intensive service industries such as hospitality which, as opposed to manufacturing, depend highly on the performance of their workforce interacting with customers (Singh, 2007).

Although the hospitality industry is mainly composed of a cadre of small and micro businesses (Davidson, McPhail, & Barry, 2011), this research analyses the case of a luxury hotel MNE for three key reasons. First of all, a global hotel chain is highly capital intensive and plays a main role in terms of foreign direct investment (FDI) in the tourism (business and leisure) infrastructure system of a country substantially impacting its economy (Endo, 2006; Kundu & Contractor, 1999). Next, there are challenges linked to the HRM of such labour intensive firms that demand accommodation to the peculiarities of host communities together with the imperative to maintain alignment to international corporate identity and culture (Lucas & Deery, 2004). Lastly, owing again to their labour intensive profile featuring unskilled and semi-skilled job levels in particular, hospitality industry has been attempting to contain labour costs through de-skilling as exemplified by the fast-food industry – sometimes referred to as McDonaldization (Ritzer, 1998). Nonetheless, since the luxury end of the market features personalized quality service, it is of great interest to explore how in this context a large

and globally branded luxury hotel chain approaches HRM in its efforts to provide upscale services (Davidson et al., 2011; Nankervis, 2000) specifically in a transition periphery context.

The aim of this paper is to contribute insight in two separate areas that have been relatively neglected by scholars: the hospitality industry MNE application of HRM policies and practices; and, transitional periphery economies. With regards to the former, although recently more has been written about HRM in the hotel industry (Davidson et al., 2011), this has often occurred by utilizing mainstream HR research frameworks and models (Lucas & Deery, 2004; Shaw, Bailey, & Williams, 2011). Further, research on the services industry overwhelmingly relates to banking, airline and retail sectors and much less specifically to hotels (Guerrier & Deery, 1998; King, Funk, & Wilkins, 2011). As for the latter, transitional periphery economies represent a most intriguing area of research because, after the collapse of the Soviet Union in the 1990s, the resulting independent countries were viewed as new frontiers where MNEs could strategically expand operations. While the transitional periphery economies of Central and East Europe were nimble in attracting MNEs, the more remote Caucasus and Central Asia regions demonstrated a systemic resistance to change that has impeded their economic development thus relegating them to a transitional periphery status (Edwards, 2006). These divergent paths are reflected in the literature, whereby the former show a limited yet growing body of empirical studies (Dalton & Druker, 2012) while, for the latter, knowledge is sparse and business and managerial understanding virtually non-existent (Harry, 2006; Lackó, 2000; Yalcin & Kapu, 2008). While these emerging countries have featured a non-homogeneous and fragmented economic development path since gaining independence (Szamosi, Wilkinson, Wood, & Psychogios, 2010), their critical geo-political strategic positioning (Tsygankov, 2006) coupled with vast natural resources (Bilgin, 2007; Dorian, 2006) and rich cultural heritage (Kantarci, 2007) offer attractive investment opportunities (Zeybek, Eden, Miller, Thomas, & Fields, 2003) in general but more specifically in the growing tourism industry (Marat, 2009; Papatheodorou, Rosselló, & Xiao, 2010).

This research is predicated on the institutional strand of literature owing to the fact that scholars recognize its ability to integrate social complexities (Djelic, 2010). In fact, by taking into account all elements embedded in the context, such as economic rules, social actors, institutions, organizations as well as behaviours, it allows for a fine-grain examination linking systems with business realities (Whitley, 2006). Consequently, we seek to understand the degree to which HRM practices of a MNE are impacted by local business systems in transitional periphery economies as opposed to an advanced economy. This comparative in-depth case study focuses on HRM implemented by a sample of five hotels of the same luxury MNE chain, namely one in Azerbaijan (Caucasus), one in Kyrgyzstan (Central Asia) and three in Germany.

Research variables are defined using core dimensions of work and employment relations identified by Whitley (1999); on the one hand, there is the degree of employer-employee interdependence while, on the other, employee delegation. These indicators are useful in examining comparisons not only in how the application of HRM by a MNE tends to be similar or different among the three countries under consideration, but also in highlighting any convergence or divergence in practices (Brewster, Wood & Brookes, 2008).

This study brings to bear new evidence from a strikingly unexplored category of emerging markets, while addressing the hospitality industry that, together with banks, are among the first movers in new economies. As contended by Zhu, Eden, Miller, Thomas and Fields (2012), this “first wave” (p. 146) of investors into emerging host countries consists of developed market MNEs, which is the category the MNE analyzed in this paper belongs to. In sum, our research objectives are two-fold:

- a) To illustrate the application of HRM policies and practices by subsidiaries of a luxury hotel MNE located in two transitional periphery countries according to the two core dimensions of work and employment relations identified by Whitley (1999)
- b) To identify points of convergence and divergence in the application of HRM in transitional periphery countries as opposed to subsidiaries of the MNE located in Germany

The balance of this paper revolves around an overview of the theoretical foundation upon which this research is predicated, the multiple case study methodology followed in the research, the findings, and the conclusions and implications of the research.

2. Theoretical background

2.1 HRM implementation by hotel MNEs

According to the World Travel & Tourism Council, tourism rates among the world's largest employers by number whereby its share of global employment is "greater than that for the auto manufacturing and chemicals manufacturing industries combined, across every region of the world" (WTTC, 2013, p. 63). Nonetheless, there is alarming dearth of scholarly research on HRM applied in the tourism industry (Solnet, Kralj, & Baum, 2013) with particular reference to businesses operating in emerging economies (Law et al., 2012) and next to nothing in transitional periphery ones. As a sub-sector of tourism, the hospitality industry represents "the most visible component of the tourism economy" (Zampoukos & Ioannides, 2011, p. 26) that critically depends on its people to deliver (Baum, Amoah, & Spivack, 1997; Kusluvan, Kusluvan, Ilhan, & Buyruk, 2010). Owing to its global presence (Littlejohn, 1997), it is imperative for the industry to be consistent in order to maintain brand power and penetration across geographic locations. Yet, there is the need to adjust to local demand peculiarities founded in national markets and environments. For luxury hotel chains, the emphasis on quality is of utmost importance and, therefore, HRM plays a strategic role in strengthening this vision within the organizational contextual sphere (Maxwell, Watson, & Quail, 2004).

As the hospitality industry is focused on providing service excellence in competitive and varying business environments (Dubéa & Renaghanb, 1999), luxury hotel MNEs are concerned with building and fostering a solid customer-centric service culture throughout their workforce on a global scale (Teare, 1995). To this end, Colakoglu, Tarique and Caligiuri (2009) highlight that strategic subsidiary staffing choices should be viewed in terms of knowledge transfer and expatriate integration regardless of whether they are parent-country nationals (PCNs), host-country nationals (HCNs) or third-country nationals (TCNs). In their study on Eastern European transition economies, Jindra, Giroud and Scott-Kennel (2009) highlight the importance of MNE knowledge and skill diffusion towards its subsidiaries. Lewis (2008) further indicated that one of the most critical contributions of MNEs to their subsidiaries involves training and developmental opportunities offered to the locals while instilling the meaning of productivity and quality. Consequently, efforts towards a coherent international presence such as "balancing both global integration and local responsiveness" (Caligiuri & Stroh, 1995, p. 495) lead a hospitality MNE to embrace HRM according to a strategy that Perlmutter (1969) labels as "geocentric". This is attained by MNEs giving critical importance to consistent world-class organizational superiority based on efficiency and effectiveness irrespective of the nationality of managers who run the subsidiaries (Muratbekova-Touron, 2008; Tung, 2013).

2.2 *Host-country institutional challenges*

Host country effects have been mainly understood from a cross-cultural or an institutionalist starting point. The former approach holds that, owing to a pressure for multi-culturalism MNE practices are in line with varying cultural contexts according to national boundaries (Bartlett & Ghoshal, 1989; Lau & Ngo, 2001). The latter focuses on the role of institutions whereby, as Kostova and Roth (2002) maintain, businesses operating in the same environment will inexorably end up applying similar practices, thus turning isomorphic with each other (Rosenzweig & Singh, 1991). Since cultural explanations fail to properly capture the social reality (Ailon, 2008) they attempt to describe, institutional theory is better set to consider and interpret the nuances of contemporary society (Brookes, Croucher, Fenton-O'Creevy, & Gooderham, 2011).

As noted by Granovetter (2005) and Nelson and Sampat (2001), institutions represent key elements shaping the economic performance of all social actors, including business organizations. The local environment may affect the consistent implementation of HRM by a MNE (Muller, 1999); as such, Lane (2003) argues that institutions, while posing boundaries, must not be seen as totally constraining actors. Given the considerable importance of a MNE's FDI contribution to the host country, Schnitzer (1999) indicates that "an implicit or self-enforcing contract is sustained by a MNE's threat to withdraw" (p. 1131). The risk to a host country to have a MNE exit for a more convenient overseas destination allows the subsidiary to gain the seemingly necessary freedom to replicate head office policies and procedures.

MNEs are faced with challenges involving opposite forces that affect HRM policy and practice implementation. While global integration presses towards centralization, the need for local responsiveness urges decentralization (Rosenzweig, 2006). The critical issue is to define the extent according to which a MNE should adapt its practices to meet host-country needs while trying to maintain alignment to corporate management systems, organizational culture and application of HRM processes (Lau & Ngo, 1996). Ferner and Varul (2000) argue that HRM is impacted by the country of origin model of personnel management which, in turn, is conditioned by factors within the home national business system. As illustrated by Chang, Wilkinson, and Mellahi (2007) the pressures exerted on a MNE to be aligned with home country institutional environments represent "push forces" (p. 405)

and result in a degree of MNE embeddedness in the local business system (Ferner, 1997). Although institutions operate in both home and host countries, the vast majority of institutionalist literature focuses on the latter (Phillips, Tracey, & Karra, 2009). Indeed, Brewster et al. (2008) offered evidence to the fact that, as MNEs tend to have a distinctive international approach to HR than local firms, their country-of-origin effect seems relatively weak in that they “do not override practice in a wide range of areas” (p. 333).

Consequently, as this study contextualises inside international business research, it adopts a comparative institutionalism approach because it mainly focuses on country-level institutions (Whitley, 2005). As firms occupy centre stage within the distinctive web of interactions and institutional forces affecting national contexts, Whitley recognizes that the resulting unique business systems feature, among others, employment relations and work management (Whitley, 1999, p. 34) as key characteristics consisting of two dimension, namely: employer-employee interdependence and employee delegation. While employer-employee interdependence assists in identifying the elements leading to a higher emphasis on the internal labour market through collective learning, close coordination of activities and job security, employee delegation relates to the extent according to which management allows for collective employee participation by means of authority sharing (Brookes, Brewster, & Wood, 2005; Whitley, 1999, 2001, 2002).

The virtue of Whitley’s model relies on its markedly sociological imprint (Foss, 1999) and its more extensive emphasis on employee relations. As stressed by Brookes et al. (2005), the implementation of Whitley’s theoretical contribution is particularly critical because:

“... he (Whitley) not only explores the economic/regulative aspects of institutions, but also evaluates the cognitive and normative aspects thereof, and the manner in which the latter may influence resource allocation” (p. 407).

Since this research aims to reveal if firm level related work practices differ depending on national business system archetypes, the analysis of the bonds that exist between employee and employer indicates the degree according to which genuine power is assigned within the organization (Amable, 2003; Whitley, 1999), the nature of internal corporate governance and the dynamic interplay between power and equity (Hoepner, 2005). As a result, Whitley’s model allows for a more straightforward examination of the effects of institutions on firms’ application of HRM (Wood, Psychogios, Szamosi, & Collings, 2012, p. 42).

In the final analysis, organizations operating beyond their national borders need to conform to both the domestic as well as the host business systems in which their subsidiaries are located. As Morgan (2012) argues, the national business systems approach defines that the most critical pressure exerted upon MNEs originates from the institutional context of their home country whereby the latter determines the boundaries for the allocation of resources based on which firms compete and cooperate.

2.3 The context of transitional periphery countries

According to Uhlenbruck (2004) a critical business challenge faced by MNEs in transitional periphery countries is to give value to HRM and justify its implementation. Indeed, Kiriazov, Sullivan, and Tu (2000) argue that HRM application in former Communist countries is at an embryonic level as it is centred on personnel administration rather than embodied in organizational strategy. Even the most ‘traditional’ HRM activities such as selection, performance appraisal, training, motivation, compensation and benefits are challenged in their sound application by attitudes and behaviours linked to the recent Communist past such as corruption, political arrangements (Martin, 2002), cronyism, patronage and nepotism (Kiriazov et al., 2000). In this context, business leaders are affected by customary behaviour specific to the Soviet past such as the cultivation of political connections with “ex-Nomenclature in inter-locking oligarchies” and their leveraging (Dalton & Druker, 2012, p. 590) leading Martin (2002, p. 825) to define the result as “politicized managerial capitalism”.

Similarly, the workforce in post-Communist economies is also affected by inherited expectations where, for example, employees believe they need to have ‘connections’ to survive (Harry, 2006). With a workforce traditionally considered as a cost rather than a resource within an inefficient labour market nevertheless promising employment security (Fey, Engström, & Björkman, 1999), businesses in such societies mostly feature ineffective HRM application because locale critically hinders its implementation and relevance (Dalton & Druker, 2012).

The dynamic prospects of the emerging post-Communist transitional periphery market economies have been attracting MNEs since the fall of the U.S.S.R. where the advent of subsidiaries in these countries has been a function of investment conditions (Bevan, Estrin, & Meyer, 2004). From a HRM

standpoint, the study of MNE subsidiary management is of particular interest (Roth & Kostova, 2003) because it reveals the way organizations adapt to ensure local relevance to a critical strategic function emanating from head office that demands the coherent application of policies and procedures by overseas subsidiaries (Dalton & Druker, 2012). Thus, much is required of expatriates who, as part of a global HRM talent pool with adaptive leadership skills (Farndale, Scullion, & Sparrow, 2010), need to bridge the chasm between corporate guidelines and local post-Communist distinctive features. These expatriates usually have a relatively short tenure after which they would most likely be replaced at a considerably lower pay by locals they trained (Harry, 2006).

As Reiche (2008) contends, the substantial institutional gap between MNE home country and post-Communist host countries affects the scale of practice transfer to the subsidiaries rendering the outside influence especially evident in limited areas such as employee development and communication; conversely, host-country institutions maintain decisive control on issues such as wages, working hours and performance. Training, development and communication are facilitated and transferred by expatriates duly formed on the local culture while leveraging the workforce social capital (Fabry & Zeghni, 2003). MNEs face considerable challenges in transferring head office policies accordingly because of the local legal framework which sets the rules, even if these have been accommodating to the capitalist turn taken by post-Communist societies (Gorton, Ignat, & White, 2004). Apart from the wide difference in compensation levels between expatriate packages and local workforce wages which may be a source of bitter contention (Harry, 2006), host country employees are pressed by the abrupt casualization of their status together with the continuing paternalistic attitude of local managers and supervisors (Gorton et al., 2004).

Beyond expatriates, local subsidiary managers cover a critical function as in-betweens since they have expatriates as superiors and the local workforce as direct reports (Whitley & Czaban, 1998). Croucher (2010) argues that local managers and supervisors, rather than the HRM professionals, need to be involved in order for the employee base to embrace and implement world-class quality standards. This is not a straightforward process in post-Communist economies where, for example, concepts such as ‘responsibility’ and ‘involvement’ are not engrained in the mentality of the wider workforce (Michailova, 2002).

2.4 Varieties of capitalism and case-study economies

Since this research paper examines the application of HRM by a MNE across nations featuring different forms of capitalism, it is of interest to identify which economic clusters the sample transitional periphery countries belong to in order to deepen the discussion of research findings from a comparative capitalism standpoint.

To this end, the concept of varieties of capitalism (VOC) is useful in illustrating that there are two main systems of corporate governance (Wood, Croucher, Brewster, Collings, & Brookes, 2009), the liberal and coordinated market economies, commonly referred to as LMEs and CMEs respectively (Hall & Soskice, 2001). According to Vitols (2001), the former rely critically on the forces of competitive markets as occurs in the Anglo-Saxon economies and Ireland; in fact, there is very limited non-market coordination among companies, the role of unions has been dramatically reduced and the state exerts limited remote intervention. The latter, instead, feature a strategic co-ordination as happens in continental North Western Europe (e.g., Germany, Sweden, Switzerland) whereby there is a noteworthy non-market coordination among companies both directly and indirectly by virtue of the framework-setting role of the state and the dynamic presence of unions (Vitols, 2001). Unlike the literature centred on national labour movements, VOC contends that firms represent the fulcrum of the economic activity of a nation (Hall & Gingerich, 2009). Since firms mirror the wider social context in which they are located, they feature a particular VOC that reveals their specific way of interacting with other market participants encompassing suppliers, employees, stakeholders, trade unions, clients and business associations (Hall & Thelen, 2009). Furthermore, these particular relationships depend, in turn, on the institutional support provided by the political economy system which varies from country to country (Farndale, Brewster, & Poutsma, 2008).

As indicated earlier, this article aims at producing valuable insights by comparing HRM applied in subsidiaries of a case-study hospitality MNE located in the transitional periphery economies of Azerbaijan and Kyrgyzstan with HRM occurring in its hotel properties in Germany, an advanced economy. To this end, Germany represents a high income model country used as a buffer in this study because it fits the VOC typology of Hall and Soskice (2001) as being representative of “a carefully regulated, collaborative” CME (Psychogios et al., 2014, p. 1592). Thus, the compelling challenge lies in attempting to identify which clusters Azerbaijan and Kyrgyzstan belong to. As Lane (2005) contends, the VOC approach fails to address these post-Communist economies because it is centred on

the analysis of developed “advanced capitalist countries” (p. 231). Consequently, post-Soviet transforming countries are to be separated from the Central Eastern Europe nations (Tridico, 2012) and thus aggregated under the CIS&SEE umbrella cluster of economies encompassing the Commonwealth of Independent States (CIS) and South East European countries (SEE) (Grimalda, Barlow, & Meschi, 2010). Further, however, as Lane (2005) maintains, considerations about the role of institutions allow for a finer grain sifting of the VOCs featured by CIS&SEE. Thus, according to Bohle and Greskovits (2007) Azerbaijan is included in the CIS-3 cluster together with Russia and Kazakhstan owing to the pervasive presence of the state in the economy and its heavy reliance on exports of oil and natural resources. On the other hand, the more remote Kyrgyzstan belongs to the wider Central Asia cluster that Stark (2010) likens to pre-growth East Asia because, despite being particularly poor countries without noteworthy natural resources (Atik, 2014), since independence they have attempted bold privatization programs under authoritarian regimes (Lane, 2005; Spechler, 2004).

In sum, this research fills a void because it contributes to knowledge on several fronts. Firstly, it sheds light on the hospitality industry, a noteworthy economic sector that is, however, relatively neglected by mainstream literature while focussing on the case of a MNE with considerable FDI impact. Next, given the peculiarities inherent to the provision of luxury hospitality services, it is interesting to investigate the resulting HRM challenges in a highly labour-intensive industry. Last, and not least, this comparative case study analysis offers a new understanding of HRM application in transitional periphery economies which still remain surprisingly unexplored by the scholarly literature.

3. Methodology

Since knowledge of HRM in transitional periphery economies is sparse and fragmented, the application of a structured case study methodology becomes necessary as research is in its early phase and there is the need to capture the complexity of the data and situation (Eisenhardt, 1989; Yin, 2009). Further, a case study approach is most appropriate as the examination of the relationships between key variables occurs in close co-operation with practitioners, thus allowing the researchers to relate to concrete management situations (Gibbert, Ruigrok, & Wicki, 2008). By selecting two representative countries embedded in the transitional periphery environment and comparing them with a model CME, the case study method is instrumental for the development of emergent thought (Eisenhardt & Graebner, 2007; Guest & Conway, 2011; Patton & Appelbaum, 2003; Stake, 2000; Woodside & Wilson, 2003).

In this research, the five cases under consideration belong to the same MNE thus adding further interest to the comparability of results between subsidiaries in transitional periphery and advanced economies (Cooke, Wood, Psychogios, & Szamosi, 2011). As Welch, Piekkari, Plakoyiannaki, and Paavilainen-Mantymaki (2011) contend, case study methodology is essential to international business “given that as a field its *raison d’être* is to explain phenomena in diverse national, cultural and institutional contexts” (p. 756).

3.1 Case selection

This article is focused on cases drawn from subsidiaries of a luxury US hotel MNE which, for the purpose of confidentiality, is referred to as HotelCo. Its subsidiaries investigated from a HRM standpoint are one in Azerbaijan, one in Kyrgyzstan and three in Germany and, accordingly, they are referred to as AzeriHotel, KyrgyzHotel and GermanHotels. This research paper targets specific cases as a result of the ensuing selection criteria.

Firstly, this study aims at deep level understanding of a single MNE so as to reveal insights on the application of HRM by its various subsidiaries; to this end, the choice of a representative luxury hotel MNE is ideal because while being labour-intensive, it is simultaneously challenged by the need to ensure global consistency of products and services through its human resources. Second, the ambition to add knowledge to the vastly unknown topic of international business in transitional periphery economies urged the researchers to point to the outstanding cases of two HotelCo subsidiaries located in Azerbaijan and Kyrgyzstan respectively which were the first to start operations in their respective markets. These two cases epitomize hotel MNEs’ characteristic of being first-movers in emerging economies while representing a noteworthy contribution to FDI. Next, the need to produce a cross-national comparative analysis required the inclusion of HotelCo subsidiaries operating in a model CME, namely Germany. Lastly, the aim to compare analogous cases mandated the selection of subsidiaries with the same ownership structure which are either fully owned or leased properties by HotelCo and excluding others under a different arrangement (e.g., management contract or franchise

agreements). Indeed, wherever hotels are directly owned or leased by a MNE, management control is absolute (Kusluvan & Karamustafa, 2001). Instead, when they operate either through franchise or management contract agreements, the local owning company tends to press their interests above those of the chain thus undermining the MNE's influence (Whitla, Walters, & Davies, 2007). With regard to the cases under examination, AzeriHotel is fully foreign owned by HotelCo, KyrgyzHotel is classified as virtually wholly foreign owned given the overwhelming share of HotelCo (Fey, Björkman, & Pavlovskaya, 2000) while all GermanHotels are operated under leasing agreement.

As for respondents, they were chosen on the basis of their ability to provide informed opinions on specific HRM matters. Consequently, this case study is restricted to the exclusive involvement of HR executives of the five HotelCo properties. While at first this challenge could admittedly represent a critical element of concern, the transitional periphery context of the study does not currently offer many viable alternative research approaches. In fact, the research aims to gather input from HR management executives because they are considered the most appropriate respondents owing to their comprehensive awareness of both the prospected function and actual application of HRM (Arthur, 1994; Huselid, Jackson, & Schuler, 1997). While focussing the research at the executive level does embody a constraining effect, there is however neither the possibility nor the opportunity to expand the sample to managers in other departments nor to include line employees for a number of critical reasons.

First, the HotelCo gave strict permission to approach HR executives only. This imposition should not come as a surprise because according to Kusluvan et al. (2010) traditionally only management participates in hotel-related HRM research thus revealing a symptomatic restrained stance towards academic research by the hospitality industry as opposed to the extraversion of other sectors, such as pharmaceuticals (King et al., 2011). Secondly, the research context of transitional periphery economies concerns an unexplored field of knowledge whereby the confined involvement of HR executives is the only viable choice. While being fully conversant with HRM matters and operating based on documented practices and home country policies, these respondents are the key qualified source to approach. A review of the literature demonstrates that it is the norm for researchers to encounter similar challenges (Michailova & Liuhto, 2000) when attempting to explore contexts at the edge of international business without the accessibility to hard data (Dalton & Druker, 2012; Dörrenbacher, 2007; Kalantaridis, Slava, & Sochka, 2003; Moilanen, 2007; Wiig & Kolstad, 2010) or examining in high detail topics neglected by literature (Liu & Zhang, 2014; Ritvala, Salmi, & Andersson, 2014; Vissak & Francioni, 2013). Truly, such unknown frontiers feature a dearth of relevant properties for scholars to investigate and thus any research is obliged to proceed with in-depth case studies. As a result, these involve very few respondents among active subsidiary management practitioners who are, firstly, willing and available to contribute (Moilanen, 2007) and next, knowledgeable as well as operate based on documentation and formalized policies and practices (Frynas, Mellahi, & Pigman, 2006; Soulsby & Clark, 2006). Baum and Thompson (2007) identified the difficulties met in attempting to research senior management of accommodation and tourism business organizations in transitional periphery economies where they "encountered elements of mistrust if not outright hostility" (p. 242). More recently, the unavailability of suitable respondents for a work-related study urged researchers from the region to involve university students to contribute their input even when the latter were not involved in business practice (Temirbekova, Latov, Latova, & Temirbekov, 2014).

In sum, the fact that participants in this research are HR executives provides unique insight into the process directly from the management representatives in charge of implementing HRM policies and practices at the hotel unit level. The wealth of information obtained allows for direct comparison across subsidiaries (Pudelko and Harzing, 2007). Thus, the ability to reach, and discuss, with even a small number of inside senior managers, is a research advantage within this context and something not to be taken lightly.

3.2 Data collection

This research was implemented across a selection of HotelCo's overseas properties in the widely implemented "cross-sectional" fashion thus providing a snapshot at a particular point in time of specific occurrences and their connections (Saunders, Lewis, & Thornhill, 2009, p. 155). The HRM application in the transitional periphery economies of Azerbaijan and Kyrgyzstan as well as in the advanced CME of Germany was explored by involving five HR executives who were identified through a nonprobability sample approach (Couper and Bosnjak, 2010). Since Patton (1999) maintains that such "purposeful sampling involves studying information-rich cases in depth and detail" (p. 1197) this research represents a case in point of the same. As the researchers' intent was inductive theory building (Eisenhardt & Graebner, 2007; Ghauri & Grønhaug, 2010), primary data was obtained from respondents in two phases: a quantitative questionnaire and a semi-structured follow-up qualitative

interview, thus reflecting a mixed method research strategy to generate a deeper understanding of the critical issues (Morse, 2003) and provide for the ability to cross-check responses where applicable.

Initially, a survey questionnaire attempts to illustrate and measure the opinion of the sample in relation to HRM policies and practices. It enabled for data analysis resulting from self-administered e-mailed surveys which proved particularly efficient and effective in reaching the targeted sample and following up (Baruch & Holtom, 2008; Downing & Clark, 2007). Data was collected through predetermined questions in English to ensure consistent understanding by participants (Hair, Celsi, Money, Samouel, & Page, 2011). Given that the research respondents were both highly proficient in English and particularly knowledgeable about the survey topic, language barriers were non-existent. The resulting seamless understanding of the survey allowed for even extreme response styles (Harzing, 2006). The survey centres on the empirical measurement of specific HRM practices according to a recognized template developed by Whitley (1999). Data gathering was enriched and rounded through semi-structured follow-up interviews which lasted nearly three hours involving the same HR executives. Interviews were then transcribed reflecting the thematic structure followed by the researchers. Complementarily to the survey which aimed to obtain an objective measure of HRM policies and practices implementation, the ensuing administration of semi-structured interviews via conference calls on the Internet by the researchers allowed for explanations and additional clarifications to prevent subjectivity bias and missing key information.

Research variables were defined using the two core dimensions of work and employment relations identified by Whitley (1999). First, there is the degree of employer-employee interdependence, which includes two sub-dimensions: on the one hand, the willingness of the organization to invest in its people which expresses the extent to which an organization is committed to training and development. On the other, the relative security of tenure enjoyed by employees is understood through the dominant forms of contract (e.g. permanent, temporary or fixed term), the frequency of redundancies, the methods used to downsize and the use of outsourced labour. The second core dimension relates to employee delegation and the level at which managers are willing to allow employee discretion in task performance, the extent to which employers bargain with employee representatives and, last, mechanisms for employee involvement, communication and feedback (Marchington, Wilkinson, Ackers, & Goodman, 1993).

The implementation of the research demanded a priori approval and support by senior management at HotelCo. To this aim, a written statement was necessary so as to guarantee to the organization that the survey would be conducted within approved guidelines. Since organizational backing was obtained and access to selected respondents secured at the highest corporate level of HotelCo, the next phase consisted of e-mailing respondents individually a cover letter thoroughly describing the survey, their participation rights and the use of data collected together with a letter from head office supporting contribution to the research. Specifically, in the cover letter respondents were given the guarantee as to their voluntary participation to the ensuing survey via e-mail under complete confidentiality as well as being informed about their option of not contributing to the exercise should they chose so (Stangor, 2004). Consequently, respondents participated with informed consent (Saunders et al., 2009) whereby they had a thorough picture about the scope of the research in advance with their anonymity safeguarded.

Lastly, secondary data was attained from the HotelCo homepage, company reports, press releases and reviews of international business research. These supplements were instrumental to the researchers in order to gain a deeper understanding of the context as well as to enable “triangulation” (Yin, 2009, p. 174) as occurred, for example, in verifying labour law dispositions.

3.3 Data analysis

Initially, data were collected and analysed quantitatively through a questionnaire that attempted to illustrate and objectively measure the opinion of respondents. Participants were asked to respond to a set number of questions which featured pre-determined answers, multiple choice, or required an evaluation based on a 5-point Likert scale (Dawis, 1987). The possibility to turn data into numbers renders them measurable and easier to be assessed and understood (Stangor, 2004). Nonetheless, in order to give respondents the freedom to indicate an answer not corresponding to the provided list, an additional “other” category was added to certain questions (Pallant, 2007). Next, responses were examined independently before tabulating them to facilitate a cross-case analysis that allowed for the identification of themes to examine in the ensuing semi-structured qualitative interviews. Once these were implemented, responses were then analyzed through a theoretical orientation based on the core dimensions of work and employment relations identified by Whitley (1999).

As the qualitative follow-up interviews occurred with the same respondents within approximately six months from the initial administration of the quantitative survey, such sequencing allowed rechecking on data gathered as HR executives functioned as test beds to enter the hearts and minds of people inside the organization (Ulrich, Brockbank, Johnson, & Younger, 2007).

4. Case study evidence

4.1.1 AzeriHotel: Employer-employee interdependence

Beyond featuring several competing prestigious luxury MNE hotel chains, the local business environment offers a variety of career opportunities for the workforce to select from, including the oil and financial sectors. Thus, compensation represents the most critical motivator for the perspective employee to apply for a hospitality job because of the attractive alternatives available locally. Training is not a main determinant for job seekers at this property. Rather, they discover the value of training at a later stage as a key for their future development inside or outside the hotel. Hospitality professionals embarking on an internship program represent an important category of human resources cultivated from within the hotel. These vocational development opportunities are well above the standards of both the legal requirements and the official education system. The law limits the training within the three-month probationary period to basic compulsory subjects (e.g., first aid, food, occupational and fire safety) while hospitality professional education still features Soviet-type curricula. The training offered by the hotel subsidiary is of world-class quality, variety and relevance to professional growth. As noted by the respondent:

For employees willing to develop into a managerial position we have created a special development plan blending classroom and online training experiences. Growth within the company is linked to the development of technical expertise as well as management and leadership skills attained.

From the standpoint of labour law, employment is protected because part-time arrangements feature minimum work hours set at half of the full-time equivalent. Casual work on an 'as-needed-basis' is forbidden. Dismissal due to poor performance is very difficult due to the procedures that need to be followed. Consequently, employment flexibility is assured through two main sources: part-time employment and the use of sub-contractors as outsourcing is allowed by law. Open communication and upfront clarifications are critical to guarantee the smooth co-operation of these particular categories of employees. In the past three years the hotel underwent a program of headcount containment to accommodate a prospected gradual reduction in business. This change was handled seamlessly by closely monitoring workforce needs and especially through natural attrition.

4.1.2 AzeriHotel: Employee delegation

After almost twenty years of operation, the hotel does not feature union representation. Interestingly, the local workforce is open to relate to anybody in the hierarchy and feels very comfortable raising issues to expatriates, including the General Manager. This attitude contradicts local mentality where it is considered too daring and disrespectful to address issues to superiors. Trustworthy and direct communication is key to maintaining team focus. The benefits offered to the workforce include additional private medical insurance on top of mandatory public health coverage. Compared to local business practices, this approach to compensation solidifies the company's interest in employee well-being. Annually, the HR department presents at a general employee meeting all initiatives taken that benefit the workforce.

Performance-related pay schemes are not applied due to subjectivity risks. Fitting with local mentality, pay scales set clear standards and prevent misunderstandings. A recognition system is implemented in line with corporate guidelines offering a wide variety of monetary and non-monetary rewards solutions targeted at identifying outstanding efforts.

The close-knit work environment does not favour the use of formal upward communication channels: neither company-wide nor local written surveys are particularly taken advantage of by the workforce. They feel more at ease with immediate verbal communication whenever needed as a result of the open-door policy implemented.

Conversely, many forms of downward communication occur to ensure organizational alignment. Starting from performance development plan discussions, respondents agree that line management is primarily responsible for monitoring employee performance at lower levels, while HR covers a facilitating role. Fundamentally, HR ensures the sound implementation of performance management

(PM) initiatives together with training needs assessment. This critical control role is best described as follows:

We run training and retraining in the PM procedure for managers and employees to attain the desired benefit. We screen each and every document to ensure appropriate administration.

The influence of the MNE head office is supportive and guidance-driven towards the implementation of HRM policies and procedures. These, in turn, set a particularly strong corporate culture fostered by management growth within the company. The subsidiary does not currently employ parent-country nationals (PCNs) but rather uses third-country nationals (TCNs). As noted:

Nationality is irrelevant to how much you embrace the company. Bringing outsiders would be much tougher.

Backstage corridor notice boards, employee restaurant electronic screens and tabletop information stands help to ensure full workforce awareness in relation to company products and services. Funds allocated to a rich program of sports and social activities are instrumental for team building and bonding as they enable interaction, entertainment and socializing opportunities among management and employees away from the work environment.

4.2.1 *KyrgyzHotel: Employer-employee interdependence*

MNE hotel subsidiaries require an educated workforce: however, there is a small suitable pool of applicants due to poor education infrastructure and competition among embassies and NGOs expanding projects and activities. Working for the hotel provides career prospects but outside the hospitality industry because local opportunities are unattractive. Training is appreciated as it adds value to the subsequent worker employability. The systematic and ongoing application of training following corporate guidelines and regular training needs assessments represent a distinctive element that motivates candidates to apply at the only MNE hospitality concern offering training opportunities nationwide.

With regards to tenure security, the labour law still features characteristics that protect employees thus limiting the flexibility of employment sought by the privatization process. Guidelines for dismissal and downsizing are tight, with strict compliance to a set of demanding procedures.

The law allows for part-time employment, but this cannot go below a minimum threshold of 50% of full-time employment. While the law does not approve of non-standard casual employment, outsourcing was recently allowed. This is taken advantage of in non-core hospitality functions. As described:

People got used to flexible employment and part-time employment was well accepted. The key is to make candidates aware upfront about the flexible arrangement of work hours. Such clarification from the beginning prevents misunderstandings later.

4.2.2 *KyrgyzHotel: Employee delegation*

Union representation is not present and the law does not impose it. Its absence is not particularly missed by an overwhelmingly young workforce. The need for a union is rendered irrelevant as employee delegation is carefully nurtured. As well, the hotel has an attractive compensation policy and then applies modern corporate-defined human capital management practices together with facilities which are far superior to local competitors.

The hotel has adopted a world-class approach to employment administration, ensuring full compliance with the local labour laws. Further, recruitment and retention of qualified workers is supported by compensating above the official minimum wage.

Initiatives in all spectrums of advanced human capital management policies and practices are implemented, even beyond other MNEs in other sectors in the country. In the hotel, upward communication is prompted through formal and local channels such as engagement surveys and regular workforce meetings with the General Manager without department heads. Consequently, employees favour this type of interaction because it is localized:

Open, direct communication fits the local mentality as people want to speak eye-to-eye and they appreciate if they can do this straight to the top. Further, minutes pinned up on the notice board strengthen commitment and trust with the understanding that points raised will be documented, considered and actioned upon.

In terms of downward communication, general and departmental meetings are held regularly in order to ensure workforce alignment with organizational goals and business development awareness. Performance management procedures are embraced through a comprehensive training campaign run in parallel to educate both appraisors and appraisees towards gaining the full benefit of a development-focused initiative. HR is the guarantor of the effective application of performance management. Indeed, the open-door communication policy implemented assists in nurturing the management-to-workforce link. Additionally, a rich and regular sports and social activities program involves both employees and families bringing the total team together, fostering organizational citizenship, and cultivating belongingness. While testifying to the importance of community, head office influence is strong:

HRM is applied in all its forms as per corporate guidelines: I feel free and empowered to do so.

No PCNs are employed but the connection with the home office is tight. The corporate culture is boosted by deeply motivated TCNs sharing their experiences and competencies gathered at other properties. As well, frequent visits by the divisional head office as well as area specialists occur. This close-knit web of interactions is instrumental in ensuring HRM is consistently demonstrated.

4.3.1 GermanHotels: Employer-employee interdependence

Given the presence of many international competitors who contend the same pool of human resources, locals are attracted to apply for a job at HotelCo because, as commented by respondents, it is owed to the *'different, friendly, fresh and more easy-going style'* and the reputation since

We are a preferred choice owing to the quality of the work environment and the culture that permeates us; that is how we are known in the market.

Further, training is a major motivator to apply because a considerable share of employees is hotel school trainees who thus receive further quality education by the industry. Since trainees join the hotels while having been particularly well educated by their schools, GermanHotels respondents recognize trainees feature a strong command of the professions' basic requirements and the appropriate service behaviour. As noted by respondents:

Labor law is the most critical institution that influences the function of business. Also, the education level in Germany is very good and this also affects the quality of service provision and the level of training provided because newly hired employees come already prepared. In fact, they know the basics plus also feature the appropriate demeanour to handle direct customer contact successfully.

As for security of tenure, the labour law allows for total flexibility in terms of part-time contracts, casual employment as well as outsourcing. More in detail, while for part-time employees the minimum amount of hours is set without constraints, for casuals there is total freedom to employ them as business demands. Last, there are no restrictions with regards to outsourcing arrangements. Nonetheless, with regards to downsizing, respondents concord that:

Any proposed downsizing actions need to be thoroughly justified as they are subject to close scrutiny by the authorities.

Consequently, any reduction of workforce headcount to accommodate to any business volume decreases is attained both through attrition and the application of limited duration contracts.

4.3.2 GermanHotels: Employee delegation

Although employees are free to decide about being represented via a trade union, this is not occurring at any of the GermanHotels. Indeed, it was commented that, within an open work environment, management commitment towards the workforce renders union representation nearly irrelevant. The respondents agreed that this was not a coincidence:

(...) but rather the result of a healthy work environment that impedes the formation of unions. This definitely results from the HotelCo organizational culture overall emanating from head office. In fact, a union is mostly needed when there is unfair treatment, when employers do not fulfil their duties, there is no workplace security and the basics are missing. These are the topics a workforce brings to the attention of the union. In our environment, people go directly to their manager to talk about issues of their concern to get a solution or, otherwise, raise their point at different communication occasions like the regular meetings with the General Manager and the HR executives who are always open to listen to employees. Indeed, we are offering employees a sounding board, something like a 'workers' council' that we do on our own.

Financial participation is occurring only in the form of corporate programs for the leadership team. Otherwise, selected customer-contact departments feature bonus systems which represent, however, a small and unstable amount as compared to the overwhelming fixed compensation which is aligned with the industry sector's Collective Work Agreement (CWA).

With regards to communication both upwards and downwards as well as recognition systems and socialization, the full array of tools made available by head office is used. Still, for these to function, communication needs to be genuine. Indeed, as underlined by respondents:

Free, open, informal talks work best. Employees want to be able to come and talk spontaneously. For this to work, you need a supervisor with a leader's personality, charisma and, certainly, not arrogant. This is the cardinal point, which is then followed by the other communication tools that are made available. Thus, supervisors are a most critical aspect to successful HRM implementation.

GermanHotels do not employ expatriates given that they can find personnel with the required profile in the local market. Additionally, any workforce recruited from the wider labour market of the European Union is treated as local. Still, the fact that there are no expatriates does not indicate a looser relationship with corporate head office. As mentioned by respondents, they feel:

Very comfortable and this feeling is corroborated by an excellent working relationship with practical people at head office. Indeed, it is particularly beneficial the fact that people at head office level are competent since they have a rich operational field HRM experience. This helps in the quality of the collaboration very much.

5. Discussion

5.1 Employer-employee interdependence

The two MNE hotel subsidiaries located in the transitional periphery economies of Azerbaijan and Kyrgyzstan present many similarities and very few differences. The older hotel in Azerbaijan faces challenges closer to those encountered in other capital cities with equivalent world-class competitors and prestigious local businesses. The recognition that compensation is the main motivator to apply reflects the same approach featured by applicants in mature markets where they perceive Training and Development (T&D) as a non-critical and nice-to-have benefit (Moncarz, Zhao, & Kay, 2009). Conversely, the nascent market of Kyrgyzstan features a luxury MNE hotel offering outstanding opportunities to candidates in terms of training and development thus being an employer of choice.

From an institutional standpoint, respondents similarly identified labour laws and educational systems as the main constraints influencing operations. Despite reforms, both countries featured labour laws protecting employees in two main ways: casual employment is at a very early stage while employee dismissal due to underperformance is prohibitive owing to stringent regulations and particularly complicated procedures (Rutkowski et al., 2005).

On the other hand, even if in CMEs it is very challenging to reduce workforce as well, employers can exploit just-in-time labour supply (Lai, Soltani, & Baum, 2008) in the form of external temp agencies and the use of casual employees on a purely as-needed basis without guaranteeing work hours, an aspect that MNEs particularly value (Dibben, Wood, Le, & Williams, 2011).

In relation to education, both hotels recognized that poor and outdated Soviet-era study curricula (Alam, 2005; Mertaugh & Hanushek, 2005) end up supplying graduates who do not possess the needed requirements in terms of attitudes, skills and knowledge (Silova, Johnson, & Heyneman, 2007). Thus,

world-class hotels rely on internal sources of T&D for workforce formation, especially attracted to the MNE hotel by traineeship opportunities (McPhail & Fisher, 2008). In the case of the Azeri property, intense competition offers the advantage of recruiting candidates trained in similar luxury hospitality concerns. Instead, hotels operating in CMEs have the advantage of a well-educated workforce joining the industry.

With regards to outsourcing, labour laws allow for its implementation. This corroborates efforts towards the formation of strategic business alliances, similar to those in advanced economies. While the mature market of Azerbaijan presents the needed grounds for outsourcing businesses to emerge and offer services, the Kyrgyz hotel has still very few solutions to select from. Conversely, CMEs feature a well-established practice of varied outsourcing solutions offering organizations the opportunity to enter into strategic agreements as they see fit in containing payroll costs.

5.2 *Employee delegation*

All case hotels studied, both from transitional periphery economies and CME, do not feature union representation which was critically prevented, as suggested by respondents, by the quality and openness of communication together with the accessibility of management to address issues of concern. The prestige enjoyed by the luxury properties, together with a strong corporate culture supporting HR-focused initiatives, offers work environments that are rare, if not unique, for the local business context (Horwitz, 2011). Modern practices in terms of performance management and upward and downward communication are applied in all their forms in transitional periphery economies' cases as would occur in an advanced CME economy.

It was noted that the hotels examined did not obstruct the implementation of corporate HRM initiatives. Negligible points of difference in practices were found among the examined properties. The only sub-dimension that is characterized by a more conservative approach compared to the CME relates to financial participation. It emerged from the feedback that employees are more comfortable with set pay to avoid the negative consequences of subjective factors and inherent shortfalls of such schemes (Coughlan, 1999). All subsidiaries, however, make extensive use of corporate recognition programs allowing for identifying and rewarding individual employees for their extra effort.

Respondents keenly highlighted the close support of head office in enforcing corporate guidelines (Hjalager, 2007). Conversely to the CME case, in transitional periphery economies TCNs function as mediators while embodying and demonstrating to the local workforce the organizational culture. Critical avenues for creating and maintaining team bonding were sports and social activities bordering on corporate social responsibility (CSR) initiatives (Bohdanowicz & Zientara, 2009). These see the participation of management while involving not only employees, but also their family members. Such initiatives foster engagement and goodwill enabling the hotels to attain the profile of best employer.

6. Conclusions, implications and future research directions

To our knowledge, this is the first study focussing on the cross-national comparative analysis of HRM implementation in two cases related to subsidiaries of a luxury hotel MNE operating in post-Soviet transitional periphery economies of the Caucasus and Central Asia regions versus an advanced economy, Germany. The information obtained involved senior field HR professionals allowing for an exploration of HRM topics along the lines defined by Whitley's (1999) two core dimensions of work and employment relations. By drawing from the institutional strand of literature, a fine-grain cross-national comparative analysis is attained, first, between the two transitional economic contexts, and then *vis-à-vis* the advanced market capitalism paradigm of a model CME. Thus, MNE subsidiaries located in the two transitional periphery economies feature many similarities owing to the institutional settings that are still considerably influenced by their Soviet past, namely labour laws and education. Further, the difference between these countries and model CME is most striking in terms of employment flexibility and education level.

A key limitation of this research is that responses were obtained from a small sample of HR executives. While this single industry analysis has its merits, it cannot be easily extrapolated to provide understanding of issues more broadly. As well, since HR professionals were given the opportunity to assess their own function, bias may have occurred. As representatives of management, HR professionals tend to have a vested interest in projecting in-firm practices positively (Brookes et al., 2005). Furthermore, the researchers reached only the intended HR policies while foregoing implemented HR practices (Khilji & Wang, 2006).

Despite issues of generalizability, this study contributes insights into the post-Soviet transitional periphery economies in several ways. First, it identifies points of convergence and divergence in the application of HRM by a MNE in transitional periphery countries as opposed to a 'model' CME. It also addresses the hospitality industry which, while being a rather neglected industrial sector in the literature, represents a main source for FDI in emerging economies. This research also reveals the extent to which local business systems impact the HRM practices of a luxury hotel MNE while the firm strives to maintain consistency in its product and service provision.

Based on the limitations of this study as well as on the scarce IB literature on the transitional periphery, future research has the opportunity to consider numerous directions. Initially, studies could address the viewpoint of a larger sample incorporating top management and other workforce at different levels and functions outside HR so as to include varying perceptions of managerial strategies, employment relationships and HRM practices (Brookes et al., 2005). Next, as this research survey tool provided a snapshot picture of the settings, researchers were unable to identify any causal inferences (Birdi et al., 2008); thus, longitudinal studies could add to deeper understanding of institutional effects of national business systems on HRM implementation by a MNE over time. Further, by drawing on the views of Hotho and Pedersen (2012, p. 246), the analysis of institutional effects on HRM could be taken a step further by addressing how, in practice, MNE subsidiaries in the transitional periphery master the resulting varied forces originating from both within and outside the organizational environment. Next, this study prompts future research to address the co-ordinating role of head office and the strategy and tactics followed to align luxury hospitality MNE subsidiaries in differing economic clusters. As well, future research could address MNE subsidiaries in the transitional periphery that originate from countries other than the US and operate in diverse industrial sectors, such as banking or other services. The resulting comparisons could highlight if and how the MNE country of origin and the industrial sector affect the institutional pressure of the national business system on MNE application of HRM policies and practices.

Finally, the researchers highlight some interesting implications for managers and investors alike related to transitional periphery economies through a very much closer and direct comparison of variations in HRM policy according to locale than would otherwise be the case, within the same business structure. By examining differences among settings within a single and mature organizational context, the research indicates that, despite institutional and socio-economic differences among economic clusters, a hospitality MNE manages to attain an overall uniform implementation of HRM policies and practices. To this end, head office support, as well as the engagement of expatriates and management towards a "culture that emphasizes the value of people" (Hinkin & Tracey, 2010, p. 160), emerges as key determinants in ensuring that policies and procedures are invariably applied regardless of location through a geocentric approach (Perlmutter, 1969; Yu, Byun, & Lee, 2014). MNEs are thus set to leverage the distinct benefits of such an approach on condition that they focus on aligning subsidiaries with their corporate identity, culture and quality standards rather than dwelling on issues related to management country of origin.

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