People are generally considered to be an organization’s most valuable asset, and therefore how organizations influence and manage them is an important issue. Nevertheless, influencing and managing people is not a straightforward matter, not least because individuals respond differently to the same stimulus. Yet the issue of idiosyncrasy in individual’s responses to the organization is often ignored. In order to develop our understanding of why employees respond differently, this thesis takes the employee perspective and delves into two kinds of employees’ cognitive responses to the organization, namely, their perceptions and identification.

The thesis builds on the microfoundations literature, which makes explicit that organizational research typically involves multiple levels of analysis. The microfoundations model illustrates that the measures organizations take to enhance performance only do so through the micro level elements (the people that comprise the macro level phenomenon [the organization]). Using multilevel data collected in Nordic multinational corporations, this study analyzes what organizational and individual level factors influence employees’ perceptions and identification.

The findings indicate that employees’ perceptions and identification are driven by a complex interplay of factors between different levels of analysis. The primary drivers are the signals employees pick up and their social interaction with other members of the organization. However, these must be considered in the light of the multiple contexts in which the individual is embedded. The individual’s position and responsibilities, as well as the way work is structured and enacted, have important consequences for the individual’s patterns of social interaction and the signals he or she is exposed to.

The main contribution of this study is the extension of previous conceptualizations of the microfoundations model. Whilst organizations attempt to influence employees through various means, such as high-commitment HRM practices, the impact these have on employees depends on the context in which this all takes place. Where the individual is positioned within the organization, along with the people he or she interacts with, determine how the individual perceives and relates to the organization.
From the Employee Perspective
Understanding the Antecedents of Employees’ Perceptions and Identification in the MNC Context

Helsinki 2017
From the Employee Perspective: Understanding the Antecedents of Employees’ Perceptions and Identification in the MNC Context

Key words: employee perspective, perceptions, dual identification, HRM, microfoundations, multilevel analysis, MNC

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It’s not about the journey. It’s about the people you meet.

-Del Close-

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1 INTRODUCTION

1.1 Background

“Our people are our greatest asset” is a well-known adage in the business world. What this means is that employees are considered to have great, if not the greatest, potential to influence organizational outcomes. After all, organizations are made up of people, and all organizational outcomes boil down to the decisions and actions of people (Felin & Foss, 2005). Consequently, a key question for organizations is how to influence and manage their people to achieve organizational objectives, and a large body of research exists around this topic (e.g. Arthur, 1994; Becker & Gerhart, 1996; Boxall, Ang, & Bartram, 2011; Huselid, 1995).

However, the process by which organizations influence the decisions and actions of employees is still somewhat enigmatic (Becker & Huselid, 2006; Boxall & Macky, 2009; Paauwe, 2009). Research has made clear that organizational efforts to influence employees do not necessarily translate into desired behavioral outcomes (Balogun & Johnson, 2005; Kark Smollan, 2006; Sanders, Shipton, & Gomes, 2014). Employees are complex human beings and respond in a number of ways to the same organizational stimuli.

In the field of cognitive psychology, it has long been established that behavior occurs as a result of how information is received and interpreted, and this process can differ greatly from one person to another (Fiske & Taylor, 1991). Employees’ behavior in the organizational context, therefore, is most immediately influenced by their cognitive responses to the organization (Kark Smollan, 2006; Kohler & Mathieu, 1993; Rodwell, Kienzle & Shadur, 1998). This implies that for organizations to have an influence on employees behaviorally, they first need to influence them cognitively (cf. Nishii, Lepak, & Schneider, 2008; Nishii & Wright, 2008).

Cognition involves a broad range of mental processes, such as memory, attention, perceptions, and reasoning to name a few (Simon, 1981). Influencing employees cognitively implies influencing mental processes such as these. In order to tap into how organizations influence employees, I examine how employees respond in terms of two such processes: their perceptions and identification. Perceptions are psychological processes whereby an individual registers and makes sense of the world. Identification refers to a psychological process whereby an individual links him or herself to elements in the social world (Cheney, 1983).

From the organizational point of view, understanding how employees perceive and identify with the organization is important as these determine their other (re)actions (Nishii et al., 2008; Nishii & Wright, 2008; Ishii, 2012; Riketta, 2005). Developing our understanding of employees’ perceptions and identification entails conducting research from the employee perspective, the importance of which has been emphasized by a number of researchers (cf. Bowen & Ostroff, 2004; Guest, 1999; 2002; Legge, 1995; Paauwe, 2009).

1.2 Research gap

The cognitive perspective has gained interest in the management field, and there is growing theoretical and empirical evidence that the interpretations individuals make have consequences on the actions that organizations take (Dutton & Jackson, 1987; Laukkanen, 1994; Thomas, Clark, & Gioia, 1993; Weick, 1995). Despite this increasing body of literature on cognition in the organization, its focus and spread across different management fields has been uneven. Much of the work on cognition in the organizational context has focused on senior managers and the organization, with far less attention to other employee groups. Further, cognitive issues have been analyzed extensively in the field of strategic management, but rarely in the field of Human Resource Management (HRM) (Uotila, 2015).
Human Resource Management (HRM) is all about managing employees and work in organizations. Despite employees’ centrality to the field, there has long been concern over the apparent lack of attention to employees in HRM research (Guest, 1999; 2002; Legge, 1995; Paauwe, 2009). Since then, much has been done to rectify this oversight, but a cognitive perspective is still largely missing.

To better understand the process of how employees contribute to organizational outcomes, scholars suggest we need a better understanding of how employees perceive and interpret their working environment (cf. Bowen & Ostroff, 2004; Latorre, Guest, Ramos, & Garcia, 2016; Nishii et al., 2008). However, we know from the field of psychology that individuals perceive reality differently (Fiske & Taylor, 1991), and studies in the field of HRM confirm that there is a high level of variance in employees’ reactions to HRM (Nishii et al., 2008; Takeuchi, Chen & Lepak, 2009). This makes understanding the causal chain between HRM and employee behavior all the more problematic if employee responses are largely idiosyncratic (Höglund, 2011).

Drawing from the field of cognitive science, we know that individuals hold different knowledge structures or schema, which drive the way individuals perceive and interpret information (Fiske & Taylor, 1991; Walsh, 1995). Most of the work on cognition in the strategic management field has focused on these (Dutton & Jackson, 1987; Laukkanen, 1994; Uotila, 2015; Walsh, 1995). Little work has addressed how more readily observable factors work to influence individuals’ cognitive responses and how these might relate to employee idiosyncrasy.

In this study, I focus on two specific cognitive responses that are relevant in the HRM field: perceptions of HRM and (dual) organizational identification. These two areas have been recognized as fruitful fields of research.

The first area I focus on is employees’ perceptions specifically in relation to HRM. Based on Bowen and Ostroff’s (2004) work, the content of HRM may not matter as much as how employees perceive it. They portray HRM as a system of communications that employees subjectively interpret, and these subjective interpretations influence the impact of the HRM system. Therefore, understanding how employees develop their perceptions of the HRM system is a topic that warrants more attention.

The second focus area is employees’ organizational identification, and more specifically their dual identification. Organizational identification involves a “cognition of self in relation to the organization” (Rousseau, 1998: 218). Over the past few decades, there has been increasing recognition that organizations consist, in fact, of multiple targets or foci of identification (Riketta & Van Dick, 2005), and an individual’s identification with an organization is likely to be more complex than previously conceptualized. This, however, is still a relatively young area of inquiry (Vora & Kostova, 2007).

1.3 Research objectives

In light of the above, the main purpose of this thesis is to develop our understanding of factors that influence employees’ cognitive responses in the organizational context because these are a crucial, yet taken for granted antecedent to employee behavior. The overarching research question may be summarized as follows:

- What factors influence employees’ cognitive responses in the organizational context?
I seek to contribute to the HRM field of research, and to answer this question, I look at two specific cognitive responses that are of high relevance to this field. Furthermore, I conduct this study in the context of multinational corporations (MNCs), and I break the overall research question into the following, more specific questions:

- How do organizational and individual level factors influence employees’ perceptions of HRM in the MNC context?

- How do organizational and individual level factors influence employees’ dual identification in the MNC context?

Much of the extant organizational research implicitly assumes multilevel relationships between organizations and employees (Bowen & Ostroff, 2004; Felin & Foss, 2005). For example, HRM occurs at an organizational level, influences employees at the individual level, which in turn impacts performance at the organizational level (Bowen & Ostroff, 2004; Nishii & Wright, 2008). Yet much of the research in HRM has focused almost exclusively on the organizational level and scholars have called for more research that explicitly accounts for the different levels of analysis (Felin & Foss, 2005; Foss, 2009; Nishii et al., 2008; Nishii & Wright, 2008). Therefore, this thesis takes a multilevel approach because employees’ perceptions and identification are influenced by factors that occur at the organizational as well as the individual level (cf. Höglund, 2011).

The MNC setting makes for an intriguing context in which to study employees’ perceptions and identification because the diversity in employees’ personal and environmental surroundings allow for a wide variety of factors to be explored at both the organizational and individual level (Roth & Kostova, 2003). MNCs are complex organizations, characterized by a networked structure that crosses geographical and cultural borders (Ghoshal & Bartlett, 1990). The multiple and often conflicting pressures from the various social and institutional environments in which they operate places unique demands on the way MNCs manage their employees (Björkman, Fey, & Park, 2007; Edwards & Kuruvilla, 2005; Stroh & Caligiuri, 1998).

As outlined in the previous section, my second focus area is employees’ identification, and more specifically I examine their dual identification as this is of particular relevance in the MNC context. In the MNC context, it refers to employees’ perceptions of belongingness to both the whole MNC and the local subsidiary (Mael & Ashforth, 1992; Vora & Kostova, 2007). Such identification is considered to be highly important for MNCs, which due to their complexity must rely on a variety of informal mechanisms such as identification to support formal control (e.g. Edström & Galbraith, 1977; Martinez & Jarillo, 1991; Nohria & Ghoshal, 1994; Welch & Welch, 2006). I expand on perceptions and identification in the following chapter.

### 1.4 Key definitions and assumptions

Below I present selected definitions and assumptions that guide the discussion in this thesis.

**Cognitive responses.** The term “cognition” refers to a wide range of mental processes such as memory, attention, perceptions, reasoning, and problem-solving (Simon, 1981). I also define identification as a mental process. The way in which I use the term “cognitive response” refers to mental processes such as these that occur in response to a stimulus. In the context of this research project, I consider employees’ cognitive responses to the organization, and I focus specifically on perceptions and identification.
Human resource management (HRM) generally refers to an organization’s approach for managing its workforce in a systematic manner. There is debate over the precise nature of HRM and what it encompasses (Boxall, 1996; Legge, 1995), but I will not engage in this debate in this thesis. For the purpose of this study, the term HRM is used to include all elements that make up an organization’s HRM system, including practices, actors, tools, and processes.

Perceptions. Most definitions of perception include sensory detection or noticing of something or someone. Another component that is also often included is organizing and attaching meaning to this sensory information (Bernstein, 2013). In this thesis, I define perceptions to include employees’ perceptions of anything that relates to the internal organizational surroundings. This includes what they notice in their working environment and how they interpret (make sense of) it. I discuss perceptions in more detail in the next chapter. Perceptions are generally considered to be primarily cognitive, but may also encompass an affective element.

Organizational identification. This refers to an individual’s perception of oneness or belongingness to an organization (Mael & Ashforth, 1992). Identification is considered an active process whereby individuals link themselves to a social entity (Cheney, 1983). Organizational identification has most often been defined in cognitive terms, but there is debate over the extent to which this encompasses affective elements (Edwards, 2005). For the purpose of this study, I do not engage in this debate and treat identification as primarily cognitive. I expand on this term in the next chapter.

Dual identification. This refers to an individual’s perception of oneness or belongingness to two organizational entities. These may occur at different levels, such as department, division, subsidiary, or overall organization (Vora & Kostova, 2007). As this study is conducted in the context of the MNC, I consider dual identification in terms of identification with the subsidiary unit and the MNC as a whole. I expand on dual identification in next chapter.

1.5 Structure of the thesis

This thesis comprises of five chapters. This first chapter serves as an introduction and background to the topic, and states the research objectives of this study. The next chapter gives a selective review of literature on the microfoundations of HRM research, particularly focusing on past research on employees’ perceptions and identification. I then build the theoretical framework that guides this research inquiry. Chapter 3 provides an overview of the data used for this study: the samples, data collection process, and research methods applied in this thesis. In Chapter 4, I summarize each of the essays in this thesis. I then draw together and discuss the findings of the essays in Chapter 5, and end by discussing the implications and limitations of this study.

This study builds on five essays that examine employees’ perceptions and identification from different perspectives, each addressing one of the research questions presented. The first three essays examine antecedents to employees’ perceptions of HRM. The final two essays examine antecedents to employees’ dual identification. The overall structure of this research inquiry is illustrated in Figure 1. The full essays are presented in the appendix.
Figure 1 Structure of research inquiry
2 THEORETICAL BACKGROUND

This thesis builds on the literature around the microfoundations of organizational research, particularly on the notion that meaningful variability exists in employees’ subjective experiences in the organization (Nishii et al., 2008). In this section, I first briefly present the microfoundations literature as the main theoretical framework underpinning this thesis. Then I turn to examine past research on employees’ perceptions and identification in the organizational context, focusing particularly on employees’ perceptions of HRM, dual identification, and why these are important. Then I discuss the MNC context in which I conduct this study, and finally, I present my conceptual framework for this thesis.

2.1 Microfoundations

2.1.1 Microfoundations perspective

Making links between organizational level and individual level phenomena has long been problematic in organizational research, and scholars have pointed to a gap in our understanding of individual level explanatory mechanisms for organizational level issues, such as financial performance (Felin & Foss, 2005; Gavetti, 2005; Teece, 2007). Large parts of literature in the HRM field, as well as organizational research more generally, have been devoted to understanding how variability in organizational level concepts relate to variability in organizational level outcomes. This approach assumes that differences in outcomes between organizations are driven by collective level constructs, such as the organization’s routines, capabilities, or indeed its HRM system. Microfoundation scholars, however, argue that macro level differences are to a large extent comprised of the heterogeneity in the micro level elements that create the macro level phenomenon (Felin & Foss, 2005; 2006; Felin & Hesterly, 2007; Gavetti, 2005). In other words, organizational level actions are largely explained by individual level actions. Indeed, there are likely to be several alternative lower level explanations for macro level phenomena that cannot be deduced from macro level analysis alone (Minbaeva, 2013). For example, some contributions to HRM research suggest differences in firm performance are driven by differences in HRM practices or architecture (e.g. Batt, 2002; Collins & Smith, 2006; Guthrie, 2001; Huselid, 1995; Morris & Snell, 2011), but there may in fact be alternative lower level explanations, such as individuals self-selecting into particular firms (Felin & Hesterley, 2007). Consequently, there have been several calls for closer consideration of the individual level in HRM research because if HRM has any influence on organizational outcomes, it does so through its influence on individuals (Bowen & Ostroff, 2004; Guest, 1997; 1999).

In the context of the relationship between HRM and organizational outcomes, the microfoundational causal relationship can be illustrated as in Figure 2, a model adapted from Coleman’s (1990) work (Foss, 2009). This model highlights the multilevel nature of the relationship with employees as the microfoundation of this causal relationship (Paauwe, 2009; Wright & Boswell, 2002).

This model makes explicit that organizational antecedents such as HRM and organizational outcomes are “forged via individual level mechanisms” (Minbaeva, Mäkelä, & Rabbiosi, 2012: 389). Specifically, organizational level antecedents influence organizational level outcomes (arrow 4) through their influence on the micro level elements as depicted by arrows 1, 2, and 3. In this case, organizational antecedents influence “individual conditions”, which are individual level antecedents to an individual’s behavior. These include the individual’s internal “tools” to act in a particular way, such as knowledge, skills and abilities (Stevens & Campion, 1994), as well as individual psychological factors such as perceptions, attitudes, beliefs, desires, emotions, and motivation (Minbaeva et al., 2012). These in turn influence “individual action”, which is employee behavior that serves to either further or hinder organizational objectives.
Finally, these employee behaviors aggregate to explain, at least partly, organizational level outcomes such as performance.

![Microfoundations model](image)

**Figure 2 Microfoundations model (adapted from Foss 2009, based on Coleman, 1990)**

### 2.1.2 Conditions of individual action

The individual level mechanism in the microfoundations model (Figure 2) makes a distinction between individual behavior and individual level antecedents (“conditions”) to behavior. Organizational efforts to influence employees' behavior (i.e. “individual action”) need to first impact these “conditions” or individual antecedents to behavior.

Within the HRM literature, the most widely recognized and applied framework that concerns individual conditions or antecedents to behavior is the Motivation-Opportunities-Abilities (MOA, also abbreviated AMO) framework (Boselie, Dietz, & Boon, 2005; Paauwe; 2009; Paauwe & Boselie, 2005). This framework considers employees’ behavior to be a function of their motivation (M), opportunities (O), and abilities (A) to act in a particular manner (Appelbaum, Bailey, Berg & Kalleberg, 2000; Lepak, Bartol, & Erhardt, 2005). A number of models depicting the relationship between HRM and organizational outcomes include these factors as the antecedents to employees’ performance (Becker, Huselid, Pickus, & Spratt, 1997; Boxall & Purcell, 2008; Paauwe, 2009). From this perspective, HRM systems designed to boost employee performance should enhance all of these three components. A number of studies have incorporated the MOA perspective (Bos-Nehles, Van Riemsdijk, & Kees Looise, 2013; Paauwe & Boselie, 2005), and there is evidence to suggest that these factors do have a mediating role between HRM and individual as well as organizational outcomes (Jiang, Lepak, Hu, & Baer, 2012).

Despite its significant contribution, the MOA framework does not account for the more psychological factors that might precede individual behavior (Guest, 2002; Latorre et al., 2016). Building on work by Bowen and Ostroff (2004) and Nishii & Wright (2008), the way employees perceive and interpret organizational practices is an important antecedent to employees’ subsequent reactions. Building on these studies, the way employees perceive and subjectively interpret their organizational surroundings might be considered to be a “condition” or antecedent to their behaviors (Bowen & Ostroff, 2004; Latorre et al., 2016; Nishii et al, 2008). I refer to these as their cognitive responses.
2.1.3 Levels of analysis

As already highlighted, the microfoundations model (Figure 2) makes a distinction between the different levels of analysis that are involved in the relationship between organizational antecedents, employees, and organizational outcomes. HRM, for example, occurs at the organizational level, but is experienced and interpreted by employees at the individual level (Ostroff & Bowen, 2000). Similarly, organizational identification concerns how employees at the individual level identify with the collective (organizational level). Therefore, developing a holistic picture of these relationships requires a multilevel perspective of the elements involved (Kozlowski & Klein, 2000). Indeed, multilevel studies in organizational research have grown rapidly over the past years, but developments across different streams of research have been uneven (Peccei & Van de Voorde, 2016).

It should be noted that different researchers have different understandings of the micro- and macro level (Molloy, Polyhart, & Wright, 2011). Individuals are nested in multiple collectives such as work groups or teams, which are nested in an organization, and the organization is nested in broader social and economic systems such as country or industry (ibid.). Although all these different levels will contain factors that have bearings on employees’ responses, the levels that are most commonly addressed in studies on HRM and organizational identification are the individual employee level and the organizational level (Bowen & Ostroff, 2004; Sanders, Dorenbosch & de Reuver, 2008).

In response to calls for more multilevel theory and research in organizational studies (Ostroff & Bowen, 2000; Peccei, Van de Voorde, & Van Veldhoven, 2013), an increasing number of studies have adopted multilevel approaches and there is increasing attention to the importance of employee level responses (Nishii et al., 2008, Sanders et al., 2008 Van de Voorde, 2010). Nevertheless, the dominant paradigm still tends to be the single level perspective, focusing on either the organizational level (arrow 4 in Figure 2) or individual level (arrow 2 in Figure 2) (Molloy et al., 2011; Peccei & Van de Voorde, 2016). Part of the reason for this may be the technical and practical complexities surrounding designing and executing a multilevel study (ibid; Wright & Boswell, 2002).

Incorporating different levels of analysis in research is a complex matter, one of which is dealing with the differing levels of variance at the different levels of analysis (Klein & Kozlowski, 2000). Conducting a multilevel study involves calculating the amount of variance in employees’ responses that resides between groups (attributed to organizational level factors) and within groups (attributable to individual level factors).

What is interesting to note is that the vast majority of multilevel studies in this field report relatively small levels of variance attributable to the collective level. In multilevel studies in the field of HRM, most of the variance in employees’ responses to HRM resides at the individual level (often above 80 per cent) (e.g. Liao, Toya, Lepak, & Hong, 2009; Snape & Redman, 2010; Takeuchi et al., 2009). This means that employees respond in vastly differing ways to the organization (Nishii et al., 2008; Takeuchi et al., 2009), which implies that organizational level antecedents, such as HRM, do not fully account for employees’ reactions in the organizational context. Therefore, although organization level actions are largely explained by individual level actions, conversely, organization level factors only partially explain individual level responses (Foss, 2007; Höglund, 2011).

2.2 Employees’ cognitive responses: Perceptions and identification

The focus of this study is on employees’ cognitive responses to the organization, by which I refer to the way employees subjectively perceive and interpret their organizational surroundings (Bowen & Ostroff, 2004; Latorre et al., 2016; Nishii et al, 2008). In addressing
the main research question, I focus on two specific responses in the organizational context: perceptions and identification. I examine employees’ perceptions in the context of their perceptions of HRM, and I examine employees’ organizational identification in the context of dual identification.

In this section, I first discuss how employees’ perceptions have been addressed in organization research more generally, and then I expand on employees’ perceptions of HRM. Following this, I discuss organizational identification more generally, followed by a more detailed discussion on dual identification.

2.2.1 Perceptions

Perceptions are a cognitive process. We constantly perceive many things in the environment around us (e.g. perceiving objects, people, light/darkness) as well as within (e.g. perceiving pain, emotions, hunger) (Lewin, 1951). Perceptions are the process by which we acquire information about the world through our senses, and interpretation refers to the process by which we make sense of what we perceive (Armstrong, 1961; Bernstein, 2013). Our perceptions represent the world being a certain way.

Different philosophies exist on the nature of our conscious experience and how this relates to the outside world. So far, there is no consensus on what the precise nature of perception is (Smith, 2004). Whether perceptions constitute real aspects of the world external to the individual, or whether these are aspects of an individual’s mind, represent different ontological and epistemological views.

There is, in fact, a range of views. On one end of the spectrum is the positivist and rationalist perspective, according to which we can gain knowledge of the world through systematic sense perception and these perceptions are considered factual. It assumes that we perceive the world as it really is and these perceptual experiences count as true knowledge (Guba & Lincoln, 1994). Farther along the spectrum, critical realists point out that our perceptions are fallible, and this has given rise to post-positivism. This perspective holds that we can only imperfectly perceive reality, but “reality” still exists beyond the mind (ibid.; Fleetwood, 2005; Tsang & Kwan, 1999). At the other end of the spectrum is the constructivist and relativist perspective, according to which we construct our reality based on our sensory perceptions and the meanings we attach to these. This perspective holds that social reality has no concrete status, but is socially constructed and there is no single “truth” regarding how the world really is (Morgan & Smirich, 1980; Ponterotto, 2005). Reality exists to the extent that we perceive it and attach meaning to it.

Depending on the epistemological and ontological views of the researcher, the way in which employees’ perceptions are used in organizational research vary. Positivist inquiry assumes that the social world is a real, concrete phenomenon constituting behaviors and relationships that can be observed and measured through our perceptions (Morgan & Smirich, 1980). Meanwhile, the post-positivist acknowledges that our perceptions do not necessarily equate with reality. Although it also holds that social reality is a real and concrete phenomenon, it makes the case that social reality is exceedingly complex and we cannot observe all the relevant variables and conditions under which a particular behavior or contingency occurs (Miller & Tsang, 2011). Nevertheless, this perspective holds that we can approach and improve our understanding of social reality through triangulation (Modell, 2009; Ponterotto, 2005). It attempts to understand social reality through multiple subjective responses. Perceptions are therefore used to observe reality, but these observations do not provide the full (nor accurate) picture of reality. The constructivist, in contrast, is interested in (often multiple) employees’ socially constructed realities through the interpretations and meanings employees attach to their perceptions (Mir & Watson, 2001; Morgan & Smirich, 1980). In constructivist research, perceptions represent the social reality we create ourselves, which ceases to exist when it is no longer perceived.
Employees’ perceptions have been used in a plethora of areas that relate to the organization, and the full spectrum of these different epistemological and ontological views can be observed across different studies. As this is such a broad topic of discussion, I refrain from dwelling on it any further. This study does not hold to either of the extreme ends of the spectrum, nor does it take a strong stand on the nature of employees’ perceptions, and how these relate to reality. The approach taken in the thesis might be described as eclectic. I now turn to consider my first specific focus area in more detail: perceptions of HRM.

### 2.2.2 Perceptions of HRM

In order to shed more light on the factors that influence employees’ perceptions, I examine these in a specific context: their perceptions of HRM. By this, I mean the way that employees recognize and interpret elements of the organization’s HRM system. I focus on employees’ perceptions in the HRM context because HRM is a pervasive part of employees’ organizational life. HRM is all about an organization’s approach to managing its workforce, and it intentionally aims to influence employees. Nevertheless, the role of employees’ perceptions did not receive much notice in the HRM field until Bowen and Ostroff (2004) presented a framework of HRM in which employees’ individual and shared perceptions of HRM play a central role translating HRM into organizational outcomes. Their work suggests that the content of HRM practices may not matter as much as what they term the “HRM process”. They conceptualize the HRM system to convey messages, for example, regarding expected behaviors and rewards, and these messages are interpreted by employees.

In a similar fashion, Wright and Nishii’s (2007) HRM process model delineates the link between HRM and organizational performance as follows: intended HRM (policies developed by decision-makers) influence, but are not necessarily the same as, actual HRM (implemented HRM practices). Employees perceive these policies and practices (perceived HRM), and react to them (employee outcomes), which surmount to organizational outcomes (see Figure 3 below).

![Process Model of HRM (from Wright & Niishi, 2007)](figure)

Both models follow a similar logic to that of the microfoundations model (Figure 2). These highlight that although the HRM system is something that exists at the collective level, it influences, but is not necessarily the same as how individuals perceive the HRM system.

The central role of employees’ perceptions as the linking mechanism between the organizational HRM system and organizational outcomes has gained attention in recent years (Boxall & Purcell, 2008; Purcell & Kinnie, 2008), and incorporating employees’ perceptions of HRM in empirical studies have started to take off (Latorre et al., 2016; Peccei & Van de Voorde, 2016). A study conducted by Nishii and colleagues (2008) confirms that the interpretations
that individuals make of HRM practices have consequences on their subsequent attitudes and behaviors.

Bowen and Ostroff (2004) argue that it is important that employees have shared perceptions of the HRM system. A “strong” HRM system elicits similar perceptions from different individuals regarding performance expectations, which is required to effectively coordinate employee activities and align them with the organization’s strategic objectives. As a result, a number of the studies in the HRM field that incorporate employees’ perceptions concern some kind of mediation model that is measured and tested (e.g. Sanders et al., 2008, Snape & Redman, 2010), but the onus in this line of research tends to be on the collective rather than the individual.

Employees’ perceptions of HRM can also be used to tap into how they experience the HRM system. This approach acknowledges that whilst the HRM system exists as an objective reality, it is experienced and interpreted subjectively by employees (Bowen & Ostroff, 2004; Wright & Nishii, 2007; Nishii et al., 2008). Within this thesis, the focus is on the individual and developing our understanding of employees’ experiences and interpretations of HRM.

The performance appraisal is a fitting context to examine employees’ perceptions of HRM. Of the various practices that make up an organization’s HRM system, the performance appraisal system is perhaps one of the most central and prevalent (Biron, Farndale, & Paauwe, 2011). Improving organizational effectiveness and performance is a universal concern across organizations, and this typically entails measuring and enhancing the performance of employees. The performance appraisal system is meant to link business objectives to individual objectives, and align interests of employees with those of the organization (Fletcher, 2001). The performance appraisal is furthermore linked to other HRM practices and decisions, such as rewards, promotion, and talent pool inclusion. The performance appraisal represents what is at the heart of HRM: managing and developing employees in a manner that enhances organizational outcomes. Moreover, previous research shows that there is substantial variance in employees’ reactions to the performance appraisal (Keeping & Levy, 2000; Lee & Son, 1998), and this study delves into this issue by looking at how employees perceive features of the HRM system that are involved in the performance appraisal system.

2.2.3 Identification

The second type of cognitive response that I consider in this study is identification. Identification is a cognitive response to the social world and is the process whereby an individual links him or herself to elements in the social surroundings (Cheney, 1983).

Identification differs but is related to the concept of identity. Identity seeks to answer the question “Who am I?”, whilst identification is concerned with the question of “Who am I in relation to others?” (Ashforth, Harrison, & Corley, 2008; Pratt, 1998). The topic of identification has a long history and has been explored in a diverse number of fields such as psychology, social psychology, communication, and sociology. The way in which the term identification has been defined and used differs in these fields. Broadly speaking, however, identification essentially concerns questions about the relationship between self and others (Pratt, 1998; Whetten & Godfrey, 1998).

In the field of organization studies, initial interest in how individuals identify with organizations can be found already in the early 1900s, but the term organizational identification was first used by March and Simon (1958) (Ashforth et al., 2008). However, this concept received relatively little attention before the late 1980s, when Ashforth and Macl’s (1989) influential work outlined the importance and relevance of social psychological theories relating to identification to organizational research (Riketta, 2005).
Since then, the field has grown substantially, and organizational identification has been recognized as having important consequences on the well-being of employees as well as fulfillment of organizational objectives (e.g. Brown, 1969; Dukerich et al., 2002; Hall & Schneider, 1972; Mael & Ashforth, 1992). Organizational identification influences various employee outcomes such as job satisfaction, turnover intentions, and in-role and extra-role behaviors that support the organization’s goals (Dukerich et al., 2002; Edwards & Peccei, 2010; Ishii, 2012; Riketta, 2005; Riketta & Van Dick, 2005).

However, as with many other concepts, there is some debate over how organizational identification should be defined and what it encompasses (Edwards, 2005). Most conceptualizations of organizational identification define it as a cognitive construct, and perhaps the most cited definition is that of Mael and Ashforth, who define organizational identification as “a perception of oneness or belongingness to an organization” (1992: 104). Their conceptualization of organizational identification builds on Social Identity Theory (SIT) (Tajfel & Turner, 1986) and self-categorization. According to SIT, individuals simplify the social world by classifying themselves and others into various social groups. The organization provides one such social group. Identification is derived from membership to the group and is contingent on the basis of perceived similarity and shared fate with the organization (Mael & Ashforth, 1992).

Another common conceptualization of organizational identification is in terms of shared values and goals between the employee and organization (Hall & Schneider, 1972; Schneider, Hall & Nygren, 1971). This values-based organizational identification occurs when an individual shares or can relate to the organization’s values and goals (O’Reilly & Chatman, 1986; Schneider et al., 1971). The way in which this type of identification develops is either through recognition that the values of the organization are similar to one’s own, or through one’s own values becoming more similar to those of the organization (Pratt, 1998).

Yet another way in which organizational identification has been conceptualized is in terms of the process whereby an individual incorporates perceptions of oneself as a member of an organization into one’s general self-definition (Dutton, Dukerich, & Harquail, 1994; Rousseau, 1998). This occurs when an individual’s self-concept has many of the same attributes that he or she believes define the organization (Dutton et al., 1994). Rousseau (1998) goes a step further, and coins the term “deep structure identification”, by which she means the employment relationship has in some way altered the “mental model” that an individual has of him or herself such that the organization becomes part of the individual’s self-concept.

All of the above conceptualizations have slightly different nuances, but have much in common. These all represent organizational identification as a “cognition of self in relation to the organization” (Rousseau, 1998: 218) and involve a perception of similarity. However, another area where there is debate in the concept of identification is in the extent to which this is seen as purely cognitive or affective or both. Some argue that the concept encompasses both elements (Bergami & Bagozzi, 2000; Van Dick, 2001), others argue that the affective elements are outcomes of cognitive identification (Ashforth & Mael, 1989), and still others suggest that cognitive and affective identification are conceptually distinct, but difficult to separate in practice (Harquail, 1998). Even scholars who take a more cognitive approach to identification use terms that are potentially emotive, such as “relationship”, “attachment”, and “sense of belonging” (Edwards, 2005).

For the purpose of this study, I rely more on the cognitive conceptualizations of organizational identification, but acknowledge that distinguishing between cognitive and affective elements is not clear-cut. I next turn to expand on dual identification, which is the particular form of organizational identification that I focus on in this study.
2.2.4 Dual identification

Over the past few decades, research on organizational identification has branched out in a number of different directions, one of which is multiple identification. Researchers have suggested that organizational identification should not be treated as uni-dimensional, but rather there is a need to recognize organizations as consisting of multiple targets or foci of identification (Barker & Tompkins, 1994; Riketta & Van Dick, 2005). An individual may simultaneously identify with a superior, a department, a subsidiary, and the parent company.

Dual identification is a special type of organizational identification and involves simultaneous identification with more than one entity. It has been explored in the literature in a variety of contexts, such as identification with a focal organization in combination with one’s profession, career, client, work group or unit (e.g. George & Chattopadhyay, 2005; Heckman, Bigley, Steensma, & Hereford, 2009; Reade, 2001ab; Van Dick, Wagner, Stellmacher & Christ, 2004; Van Knippenberg & Van Schie, 2000; Webber, 2011). Particularly in the fragmented and geographically dispersed MNC environment, employees are members of multiple entities within the same organization and may be expected to hold multiple identifications. In the context of the MNC, the primary interest is in employees’ identification with both the MNC parent company and the local subsidiary unit in which the employee is located.

Dual identification in the MNC context has been widely acknowledged as a valuable asset both for individual managers doing cross-border work and for MNCs at large (Reade, 2001a; Millward & Postmes, 2010; Vora, Kostova & Roth, 2007). For individuals, dual identification broadens one’s perspective and helps to create a matrix of the mind (Bartlett & Ghoshal, 1998). This helps subsidiary employees to avoid role conflict (Vora, Kostova, & Roth, 2007), be more effective in complex roles (Gregersen & Black, 1992), and serves as a coping mechanism when on international assignments (Ishii, 2012; Sanchez, Spector & Cooper, 2000). For organizations, employees’ dual identification has been found to support subsidiary-parent cooperation and knowledge transfer (Barner-Rasmussen, Ehrnrooth, Koveshnikov & Mäkelä, 2014; Nahapiet & Ghoshal, 1998; Vora & Kostova, 2007). Dual identification has also been associated with the development of a global mindset among managers (Levy, Beechler, Taylor & Boyacigiller, 2007), which is a central goal of many global talent management and leadership development efforts (Evans, Pucik & Björkman, 2011; Stahl et al., 2012).

However, dual identification in the MNC context is neither straightforward, nor to be automatically assumed, since geographical, cultural and linguistic boundaries create powerful psychological barriers that are difficult to cross (Carlile, 2004; Mäkelä, Kalla & Piekkari, 2007; Monteiro, Arvidsson & Birkinshaw, 2008). A common finding in dual identification research is that individuals tend to identify more strongly with smaller and more proximal lower-level entities (Ashforth & Johnson, 2001; Reade, 2001a; Van Knippenberg & Van Schie, 2000), which in the MNC context has been illustrated by stronger identification with the local subsidiary by host-country managers (Vora et al., 2007). However, mixed findings regarding the commitment (e.g. Gregersen & Black, 1992; Banai & Reisel, 1993; Nguyen, Felfe, & Fookien, 2013) and identification (e.g. Ishii, 2012) of expatriate managers suggest that dual identification is not always straightforward.

Vora and Kostova’s (2007) conceptual work demonstrates how dual identification is more complex than a uni-dimensional conceptualization of organizational identification. It consists of two separate and independent characteristics: relative magnitude (referring to the level or strength of identification with each identification foci) and form (the perceived configuration or overlap of the two identification foci). According to the identity-matching principle, different factors are likely to drive different foci of identification (Ullrich, Wieseke, Christ, Schulze, & Van Dick, 2007). Factors relating to the MNC are likely to drive MNC identification, whilst factors related to the subsidiary are likely to drive subsidiary identification (Ishii, 2012; Reade, 2003). However, research in this area of identification is still relatively young (Vora & Kostova, 2007) and tends to examine the different foci of identification separately, rather than
on how multiple identifications might work together (O’Malley, O’Dwyer, McNally, & Murphy, 2014). This thesis contributes to this discussion by explicitly considering the form (or configuration) of dual identification as well as universal factors that drive both foci of identification.

2.3 The MNC research context

In today’s globalized economy, MNCs play an ever-prominent role. MNCs are an increasingly common setting for people to work in, and have been recognized as a useful setting for conducting research (Roth & Kostova, 2003). MNCs are complex organizations and face the simultaneous, yet often contradictory pressures for global integration and local responsiveness (Prahalad & Doz, 1987; Barlett & Ghoshal, 1990). Managerial cognitive capabilities and a global mindset have been recognized as essential requirements for dealing with this complexity and these have been studied extensively (Gupta & Govindarajan, 2002; Levy, Beechler, Taylor, & Boyacigiliger, 2007).

The interest in cognition in the MNC setting has predominantly focused on senior managers because they need to deal with a tremendous amount of complexity in integrating and coordinating geographically dispersed operations and managing a diverse workforce. Research has covered the importance and development of a global mindset for senior managers (Levy et al., 2007), but we know far less about other aspects of cognition or other employee groups in the MNC context. The complex and ambiguous information worlds faced by senior managers also holds true for other employee groups in the MNC context. This means that the MNC context brings an additional dimension of complexity to understanding employees’ perceptions and identification.

From the field of international HRM research, we know that MNCs face a number of challenges in transferring and implementing HRM practices in foreign subsidiary units. MNCs are subject to differing institutional pressures of the host-country environments (Marano & Kostova, 2016), which influence the extent to which subsidiary HRM practices resemble those of the MNC headquarters. Of the different business functions, HRM tends to be the one that is most adapted to local conditions, although different HRM practices show differing degrees of adaptation to the local environment (Lu & Björkman, 1997; Rosenzweig & Nohria, 1994).

The performance appraisal system, for instance, tends to be one of the more standardized HRM practices (Björkman, Smale, Sumelius, Suutari, & Lu, 2008; Lu & Björkman, 1997), perhaps because of its centrality to an organization’s HRM system as a whole. Nevertheless, evidence shows that subsidiary units in different settings react differently to the HRM practices of the parent company, including the performance appraisal system (e.g. Beechler & Yang, 1994; Myloni, Harzing, & Mirza, 2004; Sumelius, Björkman, Ehrnrooth, Mäkelä, & Smale, 2014). Differing reactions to parent country HRM practices in different settings is, essentially, the result of differing reaction of individuals in those settings. This suggests that the geographical and cultural boundaries inherent to the MNC may have important consequences on employees’ perceptions of HRM and the organization more widely.

With regard to organizational identification, the target of an individual’s identification is particularly complex in the MNC context, which is often characterized by ambiguity and tension between the focal subsidiary and corporate headquarters (e.g., Birkinshaw, Holm, Thilenius & Arvidsson, 2000). MNCs are characterized by high levels of heterogeneity, making it a difficult environment for shared norms and values to emerge (Roth & Kostova, 2003). Employees working in the MNC context often have complex role structures, and face multiple and even conflicting requirements (Feldman & Thomas, 1992). Geographical dispersion of units and incongruence in norms, values, and expectations means that developing identification with multiple units is likely to be very challenging (Vora & Kostova, 2007). The
MNC, therefore, makes for an interesting context in which to examine the formation of employees' dual identification.

2.4 Conceptual framework

Understanding why people think and act the way they do has been long studied in the fields of psychology and social psychology. In the field of HRM, although issues relating to how employees think are widely addressed, there are relatively few “tools” or frameworks for analyzing these. In this section, I explain the framework that I use to analyze the drivers of employees’ perceptions and identification.

This study builds on five separate essays that are in the appendix of this thesis. Each essay takes a different theoretical perspective from which I examine the antecedents to employees’ perceptions and identification. The specific factors that I consider are derived from the different lens through which I inspect employees’ perceptions and identification, and these are explained in more detail in the essays.

Having said that, all of these essays take a multilevel approach and fall within the wider framework of the microfoundations model. Therefore, taking the microfoundations model as a starting point, Figure 4 illustrates the particular section of the model that is the overarching focus of this study. As shown, this study is concerned with the first half of the microfoundations model: the relationship between organizational antecedents and individual conditions of action. Here I place employees’ perceptions and identification as important and overlooked “conditions” or antecedents to employees’ behavior.

![Figure 4: Focus area of microfoundations model](image)

Developing our understanding of employees’ perceptions and identification necessitates delving into the issue of variance in employees’ responses. Variance is a central concept in scientific research because the purpose of most research endeavors is to explain as much
variance as possible in interrelated concepts (Wright & Nishii, 2007). If all individuals responded in the same way to the organization, this inquiry would be irrelevant. However, as already discussed above (see section 2.1.3), research has shown that employees respond to organizations in vastly differing ways, not only behaviorally and attitudinally, but also cognitively (Nishii et al., 2008; Nishii & Wright, 2008). This variance at the individual level is what has been fueling interest in multilevel research. The variance in individual level responses also leads to the question of why.

Drawing from the psychology literature, differences in employees’ perceptions and identification may be attributed to factors that are either internal or external to the individual (Johns, 2006; Weiss & Cropanzano, 1996). Differences in internal factors, such as personality, knowledge structures, or schema lead individuals to perceive reality differently because they have different cognitive “maps” or frames which have developed from their past experiences and guide how they process information (Fiske & Taylor, 1991; Nisbett & Ross, 1980; Walsh, 1995). In the field of psychology, these are known as dispositional factors (Beauregard, 2006; Cohrs, Abele, & Dette, 2006).

Whilst such psychological factors are important for understanding how employees form their perceptions and identification, there may be other, more observable reasons why employees’ responses differ. Differences in employees’ perceptions and identification may be driven by external factors that lead to differences in their actual organizational experiences.

External factors are factors that are observable and external to the individual. In much of the organizational research that features employees, there tends to be an implicit assumption that all employees are exposed to the same organizational practices (Wright & Boswell, 2002). Although the main concern in this thesis is employees’ subjective experiences, differences in these subjective experiences may occur because employees are treated differently for a variety of reasons.

Returning to Wright and Nishii’s (2007) model on the HRM process (Figure 4), the model makes a distinction between intended and implemented HRM practices, but assumes that the actual implemented HRM practices are at the group (organizational) level. However, there is increasing recognition that HRM practices may not only differ from the intended practices, but implementation of HRM practices is also uneven (Guest, 2011; Piening, Baluch, & Ridder, 2014; Woodrow & Guest, 2014). For example, different employee groups have been found to receive different HRM practices. Lepak and Snell (2002) found that core employees received greater exposure to high-commitment oriented practices than their non-core colleagues. Even employees within the same group who are supposed to be exposed to the same practices may experience differential treatment due to factors such as the quality of their relationship with their supervisor (e.g. Liden & Graen, 1980) or because of their gender or ethnicity (e.g. Joshi, Liao, & Jackson, 2006; Kossek & Zonia, 1993). These factors relate to differences in the “situation” or context in which the individual is in and are commonly referred to as external or situational factors in the field of psychology (Beauregard, 2006; Cohrs et al., 2006).

Summarizing this discussion, we can expect there to be a wide range of factors that influence employees’ perceptions and identification and these can be categorized in different ways. The antecedents may occur at the individual or organizational level, as depicted by Figure 5. At the individual level, antecedents may be further categorized as either internal (dispositional) or external (situational). Although internal factors such as employees’ personality, traits, knowledge structures, schema, and experiences are highly important and relevant factors influencing individuals’ perceptions and identification (Fiske & Taylor, 1991; Nisbett & Ross, 1980; Walsh, 1995), most of these are relatively stable factors that are not easily influenced by the organization. For the purpose of this thesis, I focus only on factors that are organization-
driven, and therefore will not focus on employees’ personality, traits, or schema. Figure 5 illustrates the overall conceptual framework of this thesis\(^1\).

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\(^1\) There may be different ways of understanding the nature of the relationship between individual and organizational antecedents. Individual level factors may be considered as moderating variables as these “filter” the way employees perceive and interpret their organizational surroundings. For the sake of simplicity and consistency, I do not take a stand on whether the effects are direct or moderating. The research approach taken in some of the essays do not lend themselves for testing whether individual effects are moderating or direct.
3 METHODS

This thesis employs a mixed methods approach and builds on data collected from different quantitative and qualitative studies. This approach is deemed appropriate for this project because it allows for examining antecedents to employees’ perceptions and identification from different angles. In this section, I present the data collected and methodologies applied for analysis.

3.1 Main research project

The data for four out of the five essays was collected in the frame of a large research project on “HRM in MNCs”. This was a collaborative project between researchers at Hanken School of Economics and Vaasa University, and the research team consisted of nine people. The overall aim of the project was to examine how key HRM practices are implemented and perceived by different organizational actors across different MNC units. The data for the project was collected in multiple phases from different actors between 2008 and 2011. Below I describe the overall data collection process. The data for the final essay comes from another large research project, which I will describe later in this section.

3.1.1 Sample

As the first step in data collection, we contacted the 20 largest Finnish MNCs (in terms of number of employees and global operations spanning multiple countries and continents). Eight of these MNCs decided to participate. Our aim was to gain access to 10 subsidiaries of 10 MNCs. We therefore expanded our sample by contacting Swedish and Norwegian MNCs of similar size, and the result was that one Swedish and three Norwegian companies joined the project. The resulting sample consisted of 12 Nordic MNCs, of which one MNC later dropped out due to major restructuring. These remaining 11 MNCs represented a variety of industries and employed between 2,500 and 60,000 employees, with subsidiaries in approximately 30 different countries. A general overview of the participating companies is provided in Table 1.

Table 1 Overview of quantitative sample

<table>
<thead>
<tr>
<th>Company</th>
<th>Home Country</th>
<th>Industry</th>
<th>No. of subsidiaries</th>
<th>No. of employee responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>MNC A</td>
<td>Norway</td>
<td>Maritime</td>
<td>8</td>
<td>82</td>
</tr>
<tr>
<td>MNC B</td>
<td>Finland</td>
<td>Foodstuff</td>
<td>8</td>
<td>65</td>
</tr>
<tr>
<td>MNC C</td>
<td>Finland</td>
<td>Chemicals</td>
<td>8</td>
<td>61</td>
</tr>
<tr>
<td>MNC D</td>
<td>Finland</td>
<td>Industrial machinery</td>
<td>11</td>
<td>104</td>
</tr>
<tr>
<td>MNC E</td>
<td>Finland</td>
<td>Mobile networks</td>
<td>13</td>
<td>82</td>
</tr>
<tr>
<td>MNC F</td>
<td>Norway</td>
<td>Maritime</td>
<td>9</td>
<td>83</td>
</tr>
<tr>
<td>MNC G</td>
<td>Norway</td>
<td>Agriculture</td>
<td>9</td>
<td>83</td>
</tr>
<tr>
<td>MNC H</td>
<td>Sweden</td>
<td>Medical technology</td>
<td>7</td>
<td>59</td>
</tr>
<tr>
<td>MNC I</td>
<td>Finland</td>
<td>Heavy machinery</td>
<td>16</td>
<td>144</td>
</tr>
<tr>
<td>MNC J</td>
<td>Finland</td>
<td>Industrial machinery</td>
<td>10</td>
<td>91</td>
</tr>
<tr>
<td>MNC K</td>
<td>Finland</td>
<td>Industrial technology</td>
<td>8</td>
<td>76</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>12</strong></td>
<td></td>
<td><strong>105</strong></td>
<td><strong>930</strong></td>
</tr>
</tbody>
</table>

3.1.2 Quantitative data collection

The research design consisted of a quantitative component and qualitative component. The first part of the quantitative data collection took place between April and October 2009. Structured interviews were conducted in 123 subsidiaries of the 12 MNCs with the most senior
subsidiary manager (‘general manager’) and the most senior person responsible for HRM in the subsidiary (‘HR manager’). These were conducted in English, which was the corporate language of all 12 MNCs. Finnish, Swedish, Russian, and Spanish were used for clarification when needed. The questionnaires took between 20 and 60 minutes to complete. The respondents were sent a copy of the questionnaire by email prior to the interview. The interview was conducted over the telephone, with the interviewer filling in the responses to the questionnaire. We employed this approach because it allowed the interviewer to clarify any possible uncertainties from the respondent and fewer questions are likely to be left unanswered (Webster, 1997).

The second part of the quantitative data collection took place in spring 2010 in which a sample of employees within each participating subsidiary filled in an online questionnaire. At this stage, one MNC dropped out of the project due to major restructuring. We asked the HR manager of each of the remaining 105 units to provide the contact details of ten respondents in each participating subsidiary. We specified that these respondents should be a selection of managers (with subordinates) and professionals (with no direct subordinates) in each unit, and that the managers and professionals be selected from a range of departments, excluding the HR function. In addition, we asked that the respondents should be 1-2 hierarchical levels from the unit’s most senior manager. The individuals were then contacted by e-mail where the project was briefly described and a URL-link to the questionnaire was provided.

The survey questionnaire was developed by the research team through multiple rounds of iterations based on an extensive literature review. The questions were pre-tested through pilot interviews with two external managers in equivalent positions to the respondents. The questionnaire language was English and the pre-tests suggest that it took 15 to 20 minutes to fill in. The total number of questionnaires sent out was 1230 and answers were anonymous; the final number of individuals responding to the survey was 930, of which 913 questionnaires were complete.

### 3.1.3 Qualitative data collection

In order to dig deeper into the findings from the quantitative part of the project, we conducted semi-structured interviews in a sample of the subsidiary units that had been part of the quantitative surveys. Based on the quantitative data we collected, the performance appraisal stood out as most central HRM practice across all the units involved in this research project. We therefore decided to focus on this HRM practice in the qualitative part of the study. We conducted semi-structured interviews in 14 units of seven MNCs, located in six different countries. These units were chosen to maximize variance in terms of geographical spread and the prominence of the HRM system. The objective of the qualitative interviews was to dig deeper into how the subsidiary HR manager, general manager, and a selection of managers and professionals perceived features of the performance appraisal system. The subsidiary HR managers were asked to help arrange interviews with around six managers and professionals in their unit who were one or two hierarchical levels below the most senior general manager (GM).

A total of 96 interviews were conducted face-to-face by six different members of the research team between November 2010 and March 2011. An overview of this data set is shown in Table 2. The interview guide was developed together over multiple meetings. The interviews were conducted mostly in English and Finnish. English was the corporate language of each of the MNCs, but in some cases, it was more natural to conduct the interview in Finnish given that the interviewee and interviewer were both native Finnish speakers. Also, in the Chinese units, a native Chinese research assistant was present in the interviews and translated when necessary. Otherwise, these interviews were conducted in English.

The interview questions focused on aspects of the performance appraisal, specifically on interviewees’ experiences of the performance appraisal process and their perceptions of key
process features such as its visibility, validity, and fairness (Bowen & Ostroff, 2004). Subsequently, interviewees were encouraged to freely discuss why they perceived these aspects of the performance appraisal the way they did, i.e. why they felt the performance appraisal was visible or fair or not. Since several of the interviewees were non-native English speakers, we prepared a written document with these questions as an aid. This document also served to ensure a certain level of consistency across the interviews. After the initial free discussion, interviewees were handed another document with a list of items based on previous research that may or may not have influenced their answers. This list allowed interviewees to reflect on other potential influences and prompted further discussion. All interviews were recorded and transcribed verbatim.

Table 2 Overview of qualitative sample

<table>
<thead>
<tr>
<th>MNC</th>
<th>Subsidiary</th>
<th>Country</th>
<th>Interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>MNC A</td>
<td>Unit A1</td>
<td>UAE</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Unit A2</td>
<td>UK</td>
<td>5</td>
</tr>
<tr>
<td>MNC B</td>
<td>Unit B1</td>
<td>Denmark</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Unit B2</td>
<td>Finland</td>
<td>7</td>
</tr>
<tr>
<td>MNC C</td>
<td>Unit C1</td>
<td>China</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Unit C2</td>
<td>Finland</td>
<td>6</td>
</tr>
<tr>
<td>MNC D</td>
<td>Unit D1</td>
<td>China</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Unit D2</td>
<td>Germany</td>
<td>7</td>
</tr>
<tr>
<td>MNC E</td>
<td>Unit E1</td>
<td>China</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Unit E2</td>
<td>Finland</td>
<td>8</td>
</tr>
<tr>
<td>MNC F</td>
<td>Unit F1</td>
<td>China</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Unit F2</td>
<td>UK</td>
<td>7</td>
</tr>
<tr>
<td>MNC G</td>
<td>Unit G1</td>
<td>Finland</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>14 6 96</td>
</tr>
</tbody>
</table>

3.1.4 Data for essays 1-4

The first four essays that comprise this thesis build on data collected from this project. Essays 1 and 2 build on the qualitative data, whilst Essays 3 and 4 build on the quantitative data. The qualitative data is a subset of the quantitative data. Table 3 gives an overview of the whole empirical sample and the sections of data used for each essay. Each essay answers a specific research question, and the empirical data has been selected to most appropriately fit the purpose and theoretical framing of the essay. More detail on the selected data is given in the separate essays in the appendix of this thesis. In Essay 1, specific units have been selected based on their geographical and institutional differences. Essay 4 is concerned with the dual identification of foreign subsidiary members, therefore all home-country units have been omitted from that study.
Table 3 Overview of data for essays 1-4

<table>
<thead>
<tr>
<th></th>
<th>Total sample</th>
<th>Data used on essays</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Qualitative data</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 MNC</td>
<td></td>
<td>4 MNCs</td>
</tr>
<tr>
<td>14 subsidiaries</td>
<td></td>
<td>8 subsidiaries</td>
</tr>
<tr>
<td>96 interviewees</td>
<td></td>
<td>57 interviewees</td>
</tr>
<tr>
<td><strong>Quantitative data</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11 MNC</td>
<td></td>
<td>11 MNCs</td>
</tr>
<tr>
<td>105 subsidiaries</td>
<td></td>
<td>105 subsidiaries</td>
</tr>
<tr>
<td>930 employees (913 complete responses)</td>
<td></td>
<td>913 employees</td>
</tr>
</tbody>
</table>

3.2 Second research project

The data for Essay 5 come from a separate research project, the overall theme of which was inter-unit interaction between corporate headquarters and focal subsidiaries in China and Russia. Four Finnish MNCs from different industries (process manufacturing, telecom, consumer goods, and chemical industry) participated in the project. Two had major subsidiary units in China, and two had major subsidiary units in Russia. The strategic importance of the focal subsidiaries and the frequent interaction between them and the headquarters were key criteria in identifying the case firms.

A total of 145 semi-structured interviews were conducted for this research project. The interviews were conducted with top, middle and line managers located either at the corporate headquarters in Finland or in the Chinese or Russian subsidiaries. All interviewees were actively involved in inter-unit interactions. The initial interviewees were identified through a company contact persons (either in HR or Corporate Development Departments). Thereafter, a snowballing method was used in that we asked our interviewees who else was involved in the focal inter-unit interactions, until a data saturation point was reached (i.e., we could not identify any further individuals involved in the interactions). The interviews were conducted face-to-face and lasted between 45 and 120 minutes. The majority of interviews were conducted in English, with a number being conducted in Finnish, Swedish, Russian, Mandarin and Cantonese. In addition, some respondents were interviewed more than once in order to probe deeper into issues that emerged from initial interviews. All interviews were audio recorded, translated into English, and transcribed.

The original purpose of this project was to examine inter-unit knowledge and competency sharing, and the interviews focused on issues the interviewees deemed relevant to their own work, which in all cases involved collaborations between the headquarters and subsidiary. Interview questions focused particularly on the challenges, successes and failures of interactions with the other unit. Upon reviewing the interviews, we noticed that the way in which different interviewees referred to the MNC on the one hand, and the subsidiary on the other, varied notably, particularly in terms of which pronouns they used. This observation led to the idea of examining organizational identification using these pronouns and we developed a systematic method of examining organizational identification based on interviewees’ pronoun use. For the purpose of the study conducted using this dataset, we excluded all additional interviews conducted with the same individual and focused only on the first interview. We also excluded all the interviews conducted in languages other than English. Since our method directly involve language use, differences in language nuances and translation issues would likely cause problems in comparability between respondents. English was the official corporate language of all four firms, and all respondents interviewed in English were fluent or relatively fluent in English. This left us with a final total of 60 interviews for the study (see Table 4 for an overview).
Table 4 Overview of sample

<table>
<thead>
<tr>
<th>Company</th>
<th>Subsidiary Country</th>
<th>Headquarters Interviewees</th>
<th>Subsidiary Interviewees</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>MNC A</td>
<td>China</td>
<td>3</td>
<td>12</td>
<td>15</td>
</tr>
<tr>
<td>MNC B</td>
<td>China</td>
<td>5</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>MNC C</td>
<td>Russia</td>
<td>8</td>
<td>10</td>
<td>18</td>
</tr>
<tr>
<td>MNC D</td>
<td>Russia</td>
<td>1</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>TOTAL:</td>
<td></td>
<td>17</td>
<td>43</td>
<td>60</td>
</tr>
</tbody>
</table>

3.3 Research approach

This research inquiry involves measuring and analyzing variables using multiple actors and at different levels of analysis, in which the lower level entities (e.g. employees) are nested within higher level collectives (e.g. subsidiary units). A core assumption of multilevel research in general, and in this research inquiry in particular, is that outcomes that are measured at a particular level of analysis are the result of influences at the same as well as other levels of analysis (Rousseau, 1985). For such a study, it is important that the research design as well as analysis take into account where the antecedent and outcome variables reside (ibid.).

Previous quantitative analysis methods have moved observations from different levels to a single level through either aggregation or disaggregation and conducted ordinary statistical analyses, such as multiple regression or ANOVA, at a single level. Lower level observations can be aggregated to the higher level by taking the mean of all the lower level variables within a particular unit. For example, by taking the average of employees’ satisfaction scores, we can obtain a unit level score for employee satisfaction. However, a lot of information is lost in this approach and analyses lose statistical power. Alternatively, higher level variables can be disaggregated by assigning the higher level value to each of the lower level observations. For example, all the employees within a unit are assigned the same unit performance value. This approach blows up the number of actual observations to the higher number of lower level observations and ordinary statistical tests treat each of these as independent observations (Arregle, Hebert, & Beamish, 2006; Hox, 2002). Both these approaches pose statistical problems as well as conceptual. Several scholars have pointed to the dangers of committing the fallacy of the wrong level, where data is analyzed at one level and conclusions inferred to another (Hox, 2002; Robinson, 1950; Snijders & Bosker, 1994).

Therefore, it is clear that investigating relationships that cross different levels of analysis requires consideration of the different levels at which the variables reside. Over the years, statistical techniques have been introduced that are capable of handling multilevel data and analyzing multiple influences at different levels of analysis simultaneously. Although developments in multilevel statistical methods have made analyzing multilevel data much easier, conducting research that includes multiple levels of analysis still poses a number of challenges. There are many factors that need to be considered in collecting and analyzing multilevel data. Below I expand on methodological issues relating to collecting and analyzing multilevel data using the quantitative and qualitative approaches employed in this research project.

3.3.1 Multilevel and multi-actor sampling

Conducting multilevel research has implications for the sample that is needed in order to investigate multilevel relationships. These implications differ depending on whether the analysis is conducted using quantitative or qualitative methods. For quantitative analysis, one of the first considerations is the need to obtain a sufficiently large sample of individuals nested within a sufficiently large number of collectives (subsidiary units) to produce statistically reliable results (Högblund, 2011). Therefore, designing a multilevel study involves at least two
sample sizes, as well as considerations of the variability between and within groups, and a host of other factors that are still under research (Bickel, 2007; Klein & Kozlowski, 2000). As a result, there are still no strict guidelines for determining the most appropriate sample size for a statistical multilevel analysis, although some rules of thumb exist. Perhaps the most commonly cited rule of thumb is the recommendation of 30 groups of 30 observations per group (Hox, 2002; Kreft, Kreft & de Leeuw, 1998; Mathieu, Aguinis, Culpepper & Chen, 2012). However, researchers have pointed out that the low number of observations at the higher level (level 2) is often a problem, and increasing the number of observations at level 1 will not increase the statistical power at level 2 (Bickel, 2007; Maas & Hox, 2005). In the absence of concrete rules for establishing an appropriate sample size, our aim in the research project was to obtain 10 respondents each from 100 subsidiary units to ensure sufficient statistical power at level 2. As shown in Table 3, the final sample consisted of 105 subsidiary units and total of 930 respondents (of which 913 responses were complete).

Although statistical power is not a concern in qualitative research, sample size is also of concern for qualitative research. Qualitative research typically involves smaller samples, but this does not mean that numbers are unimportant (Sandelowski, 1995). Within qualitative research it is important to strike a balance in which the sample is not too large for the extraction of rich data, yet not too small that it is difficult to reach data saturation or informational redundancy (ibid.). This can be a particularly difficult balance to achieve in a multilevel study where there are several groups of cases that are being compared and contrasted. Depending on the nature of the cases and groups, some researchers have recommended that a qualitative study involving several subgroups should contain at least three cases per subgroup (Onwuegbuzie & Leech, 2007). Conducting a qualitative study in all 105 units was beyond the capacity and resources of our research team. Therefore, we selected 14 case units from seven different MNCs and aimed to interview five employees as well as the HR manager and general manager within each unit. The final number of interviews was 96 as shown in Table 4.

The second consideration in terms of the design of a multilevel study is who the respondents are. Although multilevel data collection does not necessarily entail multi-actor data, given the complex nature of many organizational (behavior) issues, there are good reasons for obtaining data from different actors (Mäkelä, Ehrnrooth, Smale, & Sumelius, 2014). Employees’ perceptions and identification are influenced and shaped through the dynamic interactions between key actors (Rupidara & McGraw, 2011). An investigation of these requires a multi-actor research design in order to take into account these different influences. Another important reason for measuring different variables using different actors is the avoidance of Common Method Variance (CMV), which occurs when the same respondents provide data for the independent as well as dependent variables.

3.3.2 Quantitative analysis method

Two of the essays build on quantitative data. Given the nested nature of the data, it is important to consider the possible dependence among observations within a group (Snijders & Bosker, 1994). Growing use and popularity of quantitative multilevel research has led to the development of several different statistical programs capable of handling nested data. The two quantitative essays in this thesis employ Hierarchical Linear Modeling (HLM) for testing the hypotheses. Statistical tools such as HLM improve the precision of estimates relative to traditional approaches because these account for the possible dependence of units within a group by partitioning and modeling within-group and between-group variance simultaneously (Raudenbush & Bryk, 2002).

Multilevel model testing follows sequential steps (Raudenbush & Bryk, 2002), the first step being to test for significant between-group variance in the dependent variable by running null models with no predictors for each dependent variable (Hofmann, 1997). The null model partitions the dependent variable variance into individual and group level components and tests the significance level of the group level residual variance. The resulting value is known as
the intra-class correlation (ICC1) value and this step is used to determine whether multilevel analysis is indeed necessary or not. If there is little or no variance between groups, multilevel modeling may not be necessary (Raudenbush & Bryk, 2002).

Once significant variance is determined between groups, the next step is to build the statistical model step-by-step. There are different approaches in which this may be done. The way in which I have built the models in each of the essays in this thesis is by running a model with just the control variables to determine the effect these have on the dependent variable. Then I have added the independent variables, and finally tested for any cross-level interactions.

### 3.3.3 Qualitative analysis method

The remaining three essays in this thesis build on qualitative data, and each can be described as a multiple embedded case study. According to Yin, (2013), the case study approach is particularly useful when the study seeks to answer questions of “how” and “why”. For the purpose of this thesis, the rich, contextualized data allows for deeper exploration of “how” employees perceive aspects of the HRM system or “how” they manifest dual identification, as well as “why” these perceptions and identification manifest the way they do.

Cases were selected and analyzed following replication logic as per Eisenhardt (1989) and Yin (2013), and the embedded design of the studies allowed for comparing and contrasting employees’ perceptions and identification within and between different subgroups of cases. As is common practice in qualitative research, the interview data in each of the qualitative studies was analyzed in multiple phases (Eisenhardt, 1989; Barley, Meyerson & Grodal 2011). For each of the studies, the interview transcripts were read and re-read multiple times, allowing for thorough familiarization of the data. In subsequent readings, the data was coded and these codes were continually refined throughout the process. The whole process involved going back and forth between the data, coding, and extant literature. Whilst it is possible to do all coding and analysis by hand, many researchers make use of software programs to organize, manage, retrieve, and analyze data. This is particularly useful for large datasets such as employed in this study. I used MAXQDA to aid the analysis process in the qualitative studies.

Different approaches for analyzing the qualitative data were taken for each of the essays in which this data was used. Inspired by other studies that have combined a mixed method approach to analyzing qualitative data (for example, Suddaby & Greenwood 2005), a technique applied in each of these studies is the use of counting data. Although counting in qualitative data analysis is a controversial issue (Maxwell, 2010), there are occasions in which counting may reveal insights into the data that would otherwise remain hidden (Sandelowski, 2001). In each of the essays, counting was used to allow me to capture the ‘deep structures’ of the data (Berg, 2004) that were invisible to the naked eye, and grasp potential patterns in employees’ experiences.

Counting is a common feature of sentiment analysis, which is an analysis approach employed in this study. Sentiment analysis (also known as opinion mining) refers to the investigation of opinions, sentiments, and emotions in text (Liu, 2012). This is done by identifying, extracting, and quantifying affective statements with respect to something. It has been most extensively applied in the analysis of social media to gauge public opinions or reactions (Liu, 2012; Pang & Lee, 2008). In the context of this study, I apply it to analyze employees’ sentiments towards features of the HRM system. In Essay 5, counting is used to gauge employees’ dual identification through quantifying the pronouns they use with respect to different organizational foci. In a loose sense, this may also be considered a form of sentiment analysis. The precise approach and steps involved are explained in detail in Essay 5.

In the qualitative essays on employees’ perceptions of HRM, counting was used to detect patterns in the data, which was then followed by deeper content analysis to explain the patterns that emerged. Content analysis refers to a wide range of techniques to interpret data and make
valid inferences (Krippendorff, 2004; Miles & Huberman, 1994). An assumption in content analysis of interview data is that the analysis of language (text) allows the researcher to understand other people’s cognition (Duriau, Reger, & Pfarrer, 2007). Content analysis often entail a quantitative component of some sort, though not necessarily an end in itself. Frequency of word usage, for instance, is considered to be an indicator of importance (ibid., Krippendorff, 2004). Whilst there is no set procedure on how to conduct content analysis, it generally involves identifying meaningful key words, and grouping them to reveal underlying themes (Duriau et al., 2007).

3.3.4 Reliability and validity

An important concern in all research is the reliability and validity of the study in question. A number of measures were taken to increase the reliability and validity of the analyses undertaken for this thesis, some of which have already been mentioned. The multi-actor nature of the data meant that common method variance was minimized by using different respondents for the independent and dependent variables where possible. In the case that the same respondent provided data for the independent and the dependent variable, the measures were placed in different sections of the survey, and a confirmatory factor analysis was conducted in Mplus to ensure that the items employed for the measures loaded on their respective latent variables (Menon, Bharadwaj, & Howell, 1996).

Construct validity, which refers to the question whether a construct actually measures what it is designed to reflect (Bryman & Bell, 2015), was addressed in the surveys that were developed for the quantitative study by drawing from previous theory. Wherever it was possible, we used validated operationalizations from previous studies. In the case that no suitable measure existed that could be used directly, we adapted measures that have been validated in previous research.

To ensure the reliability of the results, which concerns the repeatability of the results of the study in question, the structured interviews were conducted over the telephone. This ensured that the interview instructions were followed correctly and the interviewer could clarify the meaning of the questions when necessary. This was a particularly important consideration given the multilingual nature of the research setting and sample, given that similar terms may have different connotations in different linguistic or cultural settings. For the same purpose, we had a Chinese research assistant present in the semi-structured interviews with Chinese respondents to clarify and translate when necessary.
4 SUMMARY OF ESSAYS

In this section I present a summary of the different essays that comprise this thesis. An overview of the essays is presented in Table 5 below, followed by a brief summary of each essay. Each essay has been written with a view to being published in an academic journal, and represents an independent piece of work focusing on a particular phenomenon that relates to the overall theme of this thesis. The linkages between the essays have not been made explicit within the essays, rather the purpose of this section is to summarize the essays and point out how these relate to the overall framework of this thesis. The full essays are provided in the appendix of the thesis.

Table 5 Overview of essays

<table>
<thead>
<tr>
<th>Essay-based dissertation on antecedents to employees' perceptions and identification</th>
<th>Antecedents to perceptions of HRM</th>
<th>Antecedents to dual identification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Essay 1</td>
<td>Title: Intersectionality and employee experiences of performance appraisal within the MNC</td>
<td>Title: Dual values-based organizational identification in MNC subsidiaries: A multilevel study</td>
</tr>
<tr>
<td>Data: 57 interviews in 8 MNC units of 4 MNCs</td>
<td>Data: Survey data from 793 employees in 90 foreign subsidiaries of 11 MNCs</td>
<td></td>
</tr>
<tr>
<td>Analysis: Sentiment analysis, content analysis</td>
<td>Analysis: Hierarchical linear modeling</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Essay 2</th>
<th>Title: What gets HR noticed? Employee perceptions of HR actors in performance appraisal</th>
<th>Essay 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research question: What factors influence employees' attention toward and perceptions of HR actors?</td>
<td>Title: Us and them: Disentangling forms of dual identification in MNCs</td>
<td></td>
</tr>
<tr>
<td>Data: 94 interviews in 14 MNC units of 7 MNCs</td>
<td>Research question: What factors influence employees' form of dual identification?</td>
<td></td>
</tr>
<tr>
<td>Analysis: Comparative content analysis</td>
<td>Data: 60 interviews in the headquarters and a foreign subsidiary in 4 MNCs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Analysis: Hierarchical linear modeling</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Essay 3</th>
<th>Title: In the eyes of the beholder: HRM capabilities of the HR function as perceived by managers and professionals</th>
<th>Essay 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research question: What factors influence employees' perceptions of the HR function's HRM capabilities?</td>
<td>Title: Us and them: Disentangling forms of dual identification in MNCs</td>
<td></td>
</tr>
<tr>
<td>Data: Survey data from 913 employees in 105 units of 11 MNCs</td>
<td>Research question: What factors influence employees' form of dual identification?</td>
<td></td>
</tr>
<tr>
<td>Analysis: Hierarchical linear modeling</td>
<td>Data: 60 interviews in the headquarters and a foreign subsidiary in 4 MNCs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Analysis: Qualitative analysis based on pronoun use</td>
<td></td>
</tr>
</tbody>
</table>

4.1 Essays on employees' perceptions of HRM

4.1.1 Summary of Essay 1

Title: Intersectionality and employee experiences of performance appraisal within the MNC

Author: Sofia John

In this essay, I analyze employees' perceptions of the performance appraisal by examining their sentiments towards it. The performance appraisal is one of the most central HRM bundles of practices in most large organizations (Biron, et al., 2011; Takeuchi, Lepak, Wang, & Takeuchi, 2007), and therefore presents a propitious context in which to explore employees' perceptions regarding a particular aspect of the organizational HRM system. In this essay, I draw on the diversity literature to analyze how two different dimensions of diversity intersect to influence
employees’ experiences of performance appraisal. Specifically, I analyze the intersection between a diversity characteristic that relates to the individual (gender) and diversity characteristic that relates to the multinational organization (geographic location). Figure 6 illustrates the aspects of the theoretical framework that are covered in this essay.

Figure 6 Conceptual framework in Essay 1

The most commonly studied diversity categories of race and gender have each respectively been found to influence individuals’ organizational experiences, such as career progression, access to mentoring, participation in informal networks, tokenism, the glass-ceiling effect, and other areas of worklife (Nkomo & Cox, 1996). Yet, the interaction between such diversity categories may reveal unique and different patterns, (Nkomo, 1992; Acker, 1990; Nkomo & Cox, 1996). This essay recognizes that examining the impact of any single dimension of diversity on its own is of limited value (Özbilgin, Beauregard, Tatli, & Bell, 2011; Tatli & Özbilgin, 2012). Organizational researchers have pointed out that individuals belong to a number of different diversity-related categories simultaneously, the intersections of which create complexities that are difficult to capture in single group-category research (Boogaard & Roggeband, 2010; Özbilgin et al., 2011; Sawyer, Salter & Thoroughgood, 2013).

The MNC context is characterized by diversity that is driven by the geographic, cultural, and linguistic dispersion of the organization. These geographic, cultural, and linguistic boundaries may create faultlines (Lau & Murnighan, 1998) along which formal and/or informal subgroups of employees emerge – be they between different geographical units, language clusters or functional groups (Marschan-Piekkari, Welch, & Welch, 1997; Mäkelä, Kalla, & Piekkari, 2007). These faultlines can lead to various ingroups and outgroups (Tajfel, 1982; Tajfel & Turner, 1986), and consequently to advantages or disadvantages that are more structurally than demographically driven. What is more, when these faultlines interact with demographic characteristics, such as gender, they may lead to different dynamics in the MNC context than in purely domestic settings (Zander, Zander, Gaffney, & Olsson, 2010). Thus, this essay considers how one personal dimension of diversity (gender) and a structural dimension of diversity in the MNC context (geographic location) intersect and influence employees’ sentiments towards the performance appraisal.

I analyze interview data collected in eight subsidiaries in four MNCs. The units were selected so that I could juxtapose the experiences of male and female employees with structurally-driven faultlines (home-country versus foreign unit, and geographical and cultural distance). I split employees into different subgroups along the two diversity dimensions of gender and
foreignness, and analyze their sentiments towards the performance appraisal system. Foreignness indicates the cultural and geographic distance of the employee relative to the headquarters. The findings indicate that the intersection between gender and foreignness produce strong amplifying effects on employees’ experiences. Female employees located in foreign subsidiaries, independent of cultural and geographical distance, express higher levels of negative sentiments towards the performance appraisal than either male employees in foreign units or female employees in home-country units. What is more, they associate these negative sentiments most commonly with the personal meaning and outcomes of the performance appraisal, whereas the other examined employee groups expressed dissatisfaction most frequently in relation to faults in the performance appraisal tool or its implementation.

This study contributes to the overall thesis by showing how personal and structural dimensions of diversity intersect to influence employees’ perceptions of the performance appraisal. It highlights how belonging to different subgroups produces variance in employees’ organizational experiences, and this variance cannot be understood by examining a single factor. Rather, this study underscores the importance of considering multiple factors and how these interact to shape employees’ perceptions and identification.

4.1.2 Summary of Essay 2

Title: What gets HR noticed? Employee perceptions of HR actors in performance appraisal

Author: Sofia John

This essay switches focus from the performance appraisal system to another part of the HRM system: HR actors. Specifically, this study examines to what extent and how employees pay attention to HR actors in the context of the performance appraisal. HR actors are a vital part of the HRM system as they hold primary responsibility over the planning, execution, and maintaining of HRM practices and processes. This essay considers organizational as well as individual level factors that influence employees’ attention towards and perceptions of HR actors. The aspects of the theoretical framework that are covered in this essay are illustrated in Figure 7.

While the first essay took an intersectionality lens to examine how different factors interact with each other to shape employees’ perceptions, in this essay I employ two lenses to examine how employees’ perceptions of HR actors are shaped. One is the issue-selling perspective, which concerns the agency of the actors who compete for attention and the strategies they use (Dutton & Ashford, 1993; Dutton, Ashford, O'Neill, & Lawrence, 2001). The second is the attention-based view (ABV) of the firm, which highlights that individuals have limited attention and focus it on particular issues. What they focus on depends on the situation or context in which the individuals find themselves, which in turn is shaped by the organizational context (Barnett, 2008; Ocasio, 1997; 2011).
Using comparative content analysis, I analyze qualitative interview data from 94 interviews with managers, professionals, HR actors, and the senior general managers in 14 Nordic MNC subsidiaries. Drawing on the two perspectives above, I find a dynamic interplay between HR actors’ agency, and individual as well as organizational contextual factors that influence employees’ attention towards and perceptions of HR actors. At the individual level, I detected clear differences in perceptions of HR actors between employees in managerial positions (with subordinates) and non-managerial professional (no subordinates). This is partly attributed to HR actors interacting more with managerial employees in supporting them with their managerial duties relating to the performance appraisal. Another factor that was evident was that professionals experience more career-related frustrations which reflect in the nature of their (negative) attention toward HR actors. From their perspective, HR actors do not cater to their needs and aspirations.

HR actors’ behaviors played a key role in the attention they received. The most positively regarded HR actors actively “sold” the value of the performance appraisal, went beyond a purely administrative role, and took initiatives to improve employees’ experiences of the performance appraisal. This highlights the role of HR actors’ agency in gaining employees’ attention and shaping employees’ perceptions of themselves. However, various organizational contextual factors may support or constrain HR actors’ opportunities to draw employees’ attention. These included the general manager’s attitudes towards HR actors, the way the HRM system is structured at the MNC level, the cultural setting of the subsidiary unit, and organizational events, such as change. Each of these had bearings either directly on employees’ attention towards HR actors, or through their influence on HR actors’ agency.

Overall, I find that HR actors gain attention through interaction and status because these make them more visible. How managers and professionals perceive HR actors is driven by points of reference in their personal as well as organizational context. This essay contributes to the overall thesis by demonstrating how employees’ perceptions are shaped by the agency of other actors and by their individual as well as organizational context.
4.1.3 Summary of Essay 3

Title: In the eyes of the beholder: HRM capabilities of the HR function as perceived by managers and professionals

Authors: Sofia John and Ingmar Björkman

The focus of this study remains on employees' perceptions of HR actors, specifically, on factors that influence their perceptions of the HRM capabilities of the HR function. Attributing capabilities to the HR function is not necessarily driven by a conscious effort to assess the quality of the HR function. Rather, building on HRM process theory (Bowen & Ostroff, 2004), we hypothesize that there are various cues that influence line managers' and professionals' perceptions of the HR function. This essay develops a model of how cues at the individual and organizational level influence and interact with each other to shape employees' assessment of the HR function's HRM capabilities. Figure 8 illustrates how this essay fits into the conceptual framework of this thesis.

At the individual level, we draw on limited capacity information processing theory, which suggests that individuals make causal assessments of phenomena to the most proximal and salient source (Feldman, 1981; Lord & Maher, 1990). The HR function is generally closely connected to the HRM system, and therefore we might expect employees' experiences of the HRM system to be reflected in their perceptions of the HR function. Two issues are important in the process of employees' attributing their experiences of the HRM system to the HRM capabilities of the HR function. One is the quality of the HRM system, and we measure this through the HRM inducements that the individual is exposed to. These are an indication of the organization's level of investment in employees. The second issue is the proximity and salience of the HR function to the HRM system. In other words, the HR function needs to be present and visible to employees. We measure this at the individual level by employees' perceptions of HRM visibility and at the organizational level by the extent of eHRM use. The more digitalized the HRM system, the less direct contact employees are likely to have with the HR function.

Further, at the organizational level, the model posits that key actors send signals from which employees infer the HRM capabilities of the HR function. Key actors in this regard are the unit general manager and the HR manager. In the HRM process theory, Bowen and Ostroff (2004) assert that senior managers play a central role in legitimating HRM systems and the HR function. Their attitudes towards HRM practices send signals about the value and importance of these practices as well as the HR function (Stanton, Young, Bartum, & Leggat, 2010). The
second key actor, the HR manager, might be considered the face of HR, and his or her influence on the whole department is likely to be highly significant. Therefore, the professional credibility of the HR manager may be used by managers and professionals in MNC units to attribute capabilities to the whole HR department.

Using HLM, we tested the extent to which features of the unit’s HRM system, attitudes of the unit’s general manager, and characteristics of the HR manager helped explain employees’ perceptions of HRM capabilities. At the individual level, the analysis revealed that employees’ experience of the quality of the HRM system and the salience and proximity of the HR function predicted their perceptions of the HR function’s HRM capabilities. At the organizational level, the general manager’s attitudes had a direct effect on employees’ perceptions as well as a moderating effect on the relationship between employees’ experiences of the HRM system and their assessments of the HR function’s HRM capabilities.

This essay contributes to the overall thesis by highlighting the importance of cues in influencing employees’ perceptions. The signals that employees picked up from the HRM system as well as the senior manager predicted their perceptions of the HR function. This essay also shows how contextual factors influence the signals that employees pick up. The use of eHRM had a significant negative influence on employees’ perceptions of the HR function, which may indicate a disconnection between employees and the HR function in contexts where eHRM is used extensively. Further, this essay demonstrates how signals may interact with each other to augment their influence on employees’ perceptions.

4.2 Essays on employees’ dual identification

4.2.1 Summary of Essay 4

Title: Dual values-based organizational identification in MNC subsidiaries: A multilevel study

Authors: Adam Smale, Ingmar Björkman, Mats Ehrnrooth, Sofia John, Kristiina Mäkelä and Jennie Sumelius

This essay examines the determinants of dual values-based organizational identification in MNC subsidiaries. Values-based organizational identification refers to identification that occurs through affinity and recognition of the organization’s values as being similar to one’s own (Pratt, 1998; Reade, 2001a). It departs from the more common social identification and self-categorization based theories of identification (Ashforth & Mael, 1989; Tajfel & Turner, 1986) by focusing on shared values rather than group membership. Organizational values are shared beliefs about what is important and “right” relating to the organizational environment (Finegan, 2000). We suggest that the values-based approach to identification may be particularly fruitful in the MNC context, in which group membership is more ambiguous than in less complex and more proximate contexts, and in which it is often favorable for employees to identify with groups they are not formally members of.

Extant research has examined different factors that influence separate targets of identification, but has not fully addressed the challenge of identifying factors capable of supporting both simultaneously. This study examines individual and organizational level factors that contribute to foreign subsidiary employees’ values-based identification with the MNC and the local subsidiary (i.e. dual values-based identification). How this essay fits with the overall conceptual framework is illustrated in Figure 9.
At the individual level, we apply acculturation theory (Berry, 1997), and hypothesize that personal contact with other members of the MNC drives affinity and recognition of similarity in values. Acculturation refers to behavioral and psychological changes that occur as a result of first-hand contact between two distinct cultural groups (Redfield, Linton & Herskovits, 1936). For contact to influence dual values-based identification, it is important that this contact exposes the individual to the values of both entities (those of the MNC and subsidiary). We hypothesize that contexts in which this is likely to occur are in interactions with other employees in other units of the MNC, and through administering managerial duties, such as the (MNC) performance appraisal in one’s own subsidiary.

At the organizational level, we apply socialization theory (Schein, 1988), and hypothesize that a supportive social context that makes the values of the focal subsidiary and the parent company more explicit and provide opportunities for learning lead to recognition of similarity in values, or to changes in one’s own values. Socialization refers to individuals learning espoused norms and values expected of them as members of the organization (Kraiger, Ford & Salas, 1993; Schein, 1988), and these may be learned from their surroundings. Specifically, we expect that the HRM system and presence of expatriates serve to socialize employees into organizational norms and values. The integration of organizational values into HRM tools and practices, and performance management specifically, has become increasingly commonplace in MNCs (Evans, Pucik & Björkman, 2011; Stahl, et al., 2012), and this is likely to allow for better understanding and internalization of organizational values (Ashforth, Harrison & Corley, 2008; Ashforth & Saks, 1996; Cable & Parsons, 2001). Expatriates often serve as “linchpins”, linking the activities of the MNC and the subsidiary (Edström & Galbraith, 1977; Harzing, 2001; Thomas, 1994). Their behaviors and attitudes reflect the values and practices of the MNC, and their presence in the subsidiary affords local employees opportunities to observe and imitate these behaviors and attitudes (Bandura, 1971; Ostroff & Kozlowski, 1992).

Furthermore, we test less tangible aspects of the social context, namely shared cognitive ground to influence dual values-based identification. Shared cognitive ground refers to shared interpretations and meanings among parties (Nahapiet & Ghoshal, 1998), and facilitates better communication, knowledge transfer and integration among parties (Mäkelä & Brewster, 2009; Nahapiet & Ghoshal, 1998). The better-quality communication is expected to make it easier for subsidiary employees to make sense of and internalize organizational values.

The results of a HLM analysis confirm that dual values-based identification is associated with acculturation and first-hand contact with members of other MNC units, and contact related to administering managerial duties. At the organizational level, we found no support for
socialization and affective learning of organizational values through expatriates, but did find shared cognitive ground and integration of values in HRM practices to be associated with dual values-based identification.

This essay contributes to the overall thesis by demonstrating the importance of contact and a supportive social context in shaping employees’ dual values-based identification. Although this essay argues that contact is the mechanism by which dual values-based identification is influenced, this contact is measured by the position and job role of the individual. Therefore, this essay suggests that employees’ relational environment is tied to their structural position within the organization (c.f. Mäkelä, Björkman, Ehrnrooth, Smale, & Sumelius, 2013). Furthermore, this essay highlights the importance of shared cognitive ground, which suggests that the quality of social exchanges is linked to the organizational level internalized context.

4.2.2 Summary of Essay 5

Title: Us and them: Disentangling forms of dual identification in MNCs

Authors: Sofia John, Kristiina Mäkelä, Jennie Sumelius and Davina Vora

This essay focuses on the ways in which dual organizational identification manifests itself. Previous research has focused on the relative level of organizational identification for different organizational foci (Vora et al., 2007; Smale, Björkman, Ehrnrooth, John, Mäkelä, & Sumelius, 2015), but far less attention has been paid to the form of dual identification. By form of identification, we refer to whether employees see their own unit and the MNC as essentially the same entity, as two separate entities, or something in between (Vora & Kostova, 2007). We argue that the form of dual identification may even be more important than the level of identification because when employees see their own unit and the MNC as one whole rather than two separate entities, they are more likely to engage in behaviors that benefit both synergistically.

Previous research has found it difficult to empirically examine how different identification foci relate to each other in employees’ minds. We therefore create an innovative methodology based on how employees talk about their own unit and the MNC for empirically investigating employees’ forms of dual identification. Our analysis revealed three different forms – single, overlapping and coupled. We then dig deeper into the forms that we identified and search for drivers of these forms. We find both individual and organizational level drivers for form. Figure 10 illustrates how this essay fits into the theoretical framework of this thesis.

We find that forms of dual identification seem to vary based on location (subsidiary vs. headquarters), expatriate status (host country national vs. expatriate), role of the employee (interdependent vs. independent), and MNC strategy (globally integrated vs. locally responsive). We tried analyzing these findings using SIT and values-based identification, but neither provided satisfactory explanations. We then applied a relational lens (Sluss & Ashforth, 2007), and found that each of these factors influenced the relationships between the individual and other members of the MNC. Expatriates and employees in highly interdependent roles have contact with and collaborate with employees from different parts of the MNC. Strong interdependent relationships with people in multiple parts of the MNC are conducive to creating a better understanding of how one’s own activities relate to those of others (Black & Gregersen, 1992; Ishii, 2012; Nguyen, Felfe, & Fooken, 2015), and these employees are more likely to perceive themselves as having a “common fate” with people in their local unit as well as the wider MNC (Turner & Bourhis, 1996).
Our findings further indicated that the roles that employees held was linked to the global orientation of the MNC. The local employees who held highly interdependent roles worked in a highly globally integrated MNC. Their work was such that they were highly interdependent with others outside their own unit with regard to both inputs for and outputs of their work. They could only attain their goals if others with whom they work attained theirs (Brickson, 2000; Johnson & Johnson, 2009). These findings suggest that coupled identification is more likely to occur in firms following a globally integrated strategy (Bartlett & Ghoshal, 1998) than in those with a more multi-domestic one, as global integration increases intra-organizational interdependencies. Dual identification is also likely to be particularly valuable in such contexts.

Our findings also indicate differences in employees’ dual identification along structural faultlines in the MNC. All employees with coupled dual identification were located in the MNC subsidiaries. The headquarters employees in our sample did not appear to have a strong sense of identification with the subsidiaries, even when they frequently interacted with them. If headquarters employees see their role as transferring knowledge and expertise from the headquarters to the subsidiary in a top-down fashion, they may not perceive a sense of mutual interdependence between the two entities.

This essay contributes to the overall thesis by demonstrating how relational factors influence an individual’s form of dual identification. Further, this essay shows that the relationships that individuals develop with other members of the MNC is connected to their structural position and job role, as well as to the overall global strategy of the MNC.

### 4.3 Overall summary

Having briefly described each of the essays, Table 6 brings together all the essays and summarizes the main findings in terms of the factors that were found to influence employees’ perceptions of HRM and their dual identification. The table also indicates the different levels of analysis at which these factors were considered.
### Table 6 Summary of findings

<table>
<thead>
<tr>
<th>Essay</th>
<th>Dependent variable</th>
<th>MAIN FINDINGS</th>
<th>Level of analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Perceptions of performance appraisal</td>
<td>Subgroup membership (gender/location)</td>
<td>x</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Intersections between subgroups (structural divisions)</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Perceptions of HR actors</td>
<td>Interaction with HR actors</td>
<td>x</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Individual job role/position</td>
<td>x</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Visibility/presence of HR actors</td>
<td>x</td>
</tr>
<tr>
<td></td>
<td></td>
<td>GM attitudes</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Perceptions of the HR function</td>
<td>Experiences of HRM system</td>
<td>x</td>
</tr>
<tr>
<td></td>
<td></td>
<td>GM attitudes</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Visibility/presence of HR actors</td>
<td>x</td>
</tr>
<tr>
<td>4</td>
<td>Dual values-based identification</td>
<td>Social interaction with members in other units</td>
<td>x</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Social interaction with members in own unit</td>
<td>x</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Individual job role/position</td>
<td>x</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Shared understanding between subsidiary/headquarters</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Values integrated in HRM system</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Forms of dual identification</td>
<td>Social interaction with other members</td>
<td>x</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Individual job role/position</td>
<td>x</td>
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<tr>
<td></td>
<td></td>
<td>Sense of (inter)dependence</td>
<td>x</td>
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<tr>
<td></td>
<td></td>
<td>Structural divisions between subsidiary/headquarters</td>
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<td></td>
<td></td>
<td>MNC global strategy</td>
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</tbody>
</table>
5 DISCUSSION

The objective of this thesis is to shed light on factors that influence employees’ cognitive responses in the MNC context. This is driven by a need to develop our understanding of reasons why employees perceive and relate to the organization differently. I focused on two specific employee responses that are relevant to the field of HRM and the MNC context: perceptions of HRM and dual identification. Employees’ perceptions of HRM were addressed in Essays 1-3, and employees dual identification were addressed in Essays 4 and 5. Both areas were examined within the wider context of the MNC. As depicted in the conceptual framework in Chapter 2, this study builds on the microfoundations model and took a multilevel approach, considering factors at the individual and organizational level that influence employees’ perceptions and identification.

Within this framework, each essay took a different lens with which the antecedents to employees’ perceptions and identification were examined. The antecedents of employees’ perceptions of HRM were examined from attention based and information processing perspectives. The antecedents of employees’ dual identification were examined from socialization, acculturation, and relational perspectives.

Overall, the findings across the five essays indicate that a number of different factors at the individual and the organizational level influence employees’ perceptions and identification. Table 6 at the end of the previous chapter gives an overview of all the factors that were found across the five essays. Drawing the findings together, I group these factors into three broad categories. The first two concern the primary drivers influencing employees’ perceptions and their identification. I find that the signals employees pick up from the organization and their social interaction with other actors drive employees’ perceptions and identification. The third category is the context in which employees are embedded, which has important consequences on the signals employees pick up and their patterns of social interaction. Below, I first consider the main drivers of employees’ perceptions, and then the influence of the multiple contexts they are embedded in.

5.1 Signals and social interaction

In this section, I discuss how signals from the organization and employees’ social interaction with other organizational actors influence their perceptions and identification. Signals are pieces of information that employees process to form their perceptions. Social interaction entails social exchange between two or more individuals. Table 7 gives an overview of the factors relating to signals and social interaction across the essays and across the two levels of analysis. I expand on the impact of signals and social interaction on employees’ perceptions and identification next.
Table 7 Signals and social interaction as drivers of employees’ cognitive responses

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<tbody>
<tr>
<td>Individual level</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Signals</td>
<td>From HRM experiences</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>From other actors</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social interaction</td>
<td>Interaction with HR actor</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Social interaction with members in other units</td>
<td>x</td>
<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Social interaction with members in own unit</td>
<td>x</td>
<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sense of (inter)dependence</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational level</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Signals</td>
<td>GM attitudes</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Values integrated into HRM system</td>
<td></td>
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<td>x</td>
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</table>

**Signals.** A signal is something that conveys information. From the information processing perspective, individuals’ perceptions are an outcome of the information they pick up and process (Lord & Maher, 1990). This study examined and found several different sources of such information, which I refer to as signals.

Organizations are complex and multifaceted systems that consist of many elements. Information about all elements of the organization are not necessarily easily or directly available, and signals employees pick up from certain parts of the organization can be used to inform their evaluations of other parts. This study examined the impact of signals from the HRM system and other actors on employees’ perceptions of HR actors and their identification.

Recognizing that not all individuals pick up the same signals from the HRM system, this study considered the influence of personal experiences of HRM. Personal experiences are important predictors of how individuals process information (Greenwald & Banaji, 1995). In Essays 2 and 3, employees’ personal experiences of HRM informed their evaluations of HR actors. Positive experiences of the HRM system serve as a signal that HR actors are doing a good job. This highlights that employees form their perceptions of the organization in the light of their personal experiences.

Essay 4 considered the HRM system at the organizational level and found that it influences employees’ dual identification. HRM systems convey information about the wider organization. A HRM system that has organizational values integrated into it serves as a socialization tool and source of information from which employees can learn and evaluate to what extent these values match their own (Ostroff & Kozlowski, 1992). This fits with Bowen and Ostroff’s (2004) conceptualization of HRM as “communications” that are perceived and interpreted by employees. What is particularly interesting about this finding in Essay 4 is that the HRM system not only influences employees’ perceptions, but also how employees relate to the organization.

Employees also pick up signals from other people (Salancik & Pfeffer, 1978). This occurs through contact with other organizational actors, which I will consider shortly, but may also occur without direct contact. Organizational actors in leadership positions, such as the GM, are likely to be highly visible to employees. Their attitudes towards HR actors and the HRM system are therefore also likely to be visible to other employees. These attitudes send signals of the value and importance of these, which in turn influence how employees perceive HR actors and the HRM system (Brandl & Pohler, 2010; Maitlis & Lawrence, 2007).
In sum, employees pick up signals (information) about the organization from a variety of sources, and the signals that inform their perceptions do not necessarily come directly from the target in question. Rather, an array of heuristic cues inform their interpretations. Furthermore, the signals that the organization emits have an impact on a variety of employees' cognitive processes, including identification.

**Social interaction.** Other actors played an important role in shaping employees' perceptions and identification throughout this study. This affirms the importance of social processes in influencing individuals' cognitive responses (Ibarra & Andrews, 1993; Salancik & Pfeffer, 1978; Weick, 1995). My findings indicate that social interaction influences employees' perceptions and identification through different mechanisms: signals, affinity, and a sense of interdependence.

The first point overlaps with the previous section. As already mentioned, employees pick up signals or information from other actors, and this occurs preeminently in their interactions with them. For instance, through contact with HR actors, employees get to know more tangibly what HR actors do, and this informs their evaluation of them. In a similar manner, through interaction with colleagues, employees get to know qualities of the organization (e.g. its values) and this enables them to assess how they relate to these qualities.

Interaction with other actors implies a relational aspect, and there are likely to be other ways in which social interaction influences employees' perceptions than merely through conveying information. From the relational perspective (Sluss & Ashforth, 2007), contact with colleagues not only allows employees to get to know the organization better, but they also develop an affinity to it through the relationships they have with colleagues (Flum, 2001; Pettigrew, 1998). This same principle can also apply to employees' interactions with HR actors. Through first-hand contact with the HR actors, employees may develop an affinity towards them, resulting in more positive perceptions of HR actors (cf. Pettigrew, 1998).

The third relational aspect in social interactions that appears to specifically drive dual identification is a sense of interdependence. Based on the findings of Essay 5, frequent interaction and affinity alone may not be enough to foster a coupled form of dual identification. Having a palpable sense of interdependence with other actors in different parts of the organization is necessary to develop a sense of “oneness” within the fragmented MNC context.

In sum, relational factors influence employees' perceptions and identification. Other actors are particularly important sources of information in situations where the target of knowledge is not easily defined or measured (Kehoe & Wright, 2013; Lamertz, 2002), such as judging the capabilities of the HR function, or determining qualities of the organization. However, social interaction most likely entails far more than just serving as a source of information. Employees' perceptions and identification are also shaped by the nature of the relationship. Affinity and a sense of interdependence were particularly relevant in this study.

### 5.2 Context

In the previous section, I discussed how employees' perceptions and identification are primarily driven by the signals they pick up from the organizational surroundings and by their social interactions with other organizational members. Based on the findings of this study, a further consideration is the context(s) in which the individual is embedded. Individuals' patterns of interaction and the signals they pick up are shaped by their immediate context, which is defined by the subgroup(s) that individuals belong to. Different subgroups may emerge based on personal characteristics (e.g. gender) or organization-driven factors (e.g. job role). The individual's immediate context is embedded in multiple collective level contexts. The relevant contexts identified in this study were the HRM context, subsidiary unit context, and
overall MNC context. The HRM context concerns the organizational HRM system. The organizational HRM system is embedded in the wider subsidiary unit context, which, in turn, is embedded in the wider MNC context. Table 8 groups the contextual factors found in this study into each of these layers, and I discuss these in more detail below.

Table 8 Contextual factors influencing employees’ cognitive responses

<table>
<thead>
<tr>
<th>What influences employees’ perceptions and identification?</th>
<th>Essay</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Perceptions of HRM</td>
</tr>
<tr>
<td></td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>Individual level Factors</td>
<td>Perceptions of HRM</td>
</tr>
<tr>
<td>Immediate context (Subgroup membership)</td>
<td></td>
</tr>
<tr>
<td>Job role/position</td>
<td>x  x  x  x</td>
</tr>
<tr>
<td>Gender</td>
<td>x</td>
</tr>
<tr>
<td>Organizational level Factors</td>
<td></td>
</tr>
<tr>
<td>HRM context</td>
<td></td>
</tr>
<tr>
<td>HR actor agency &amp; status</td>
<td>x  x</td>
</tr>
<tr>
<td>HRM systems/structure</td>
<td>x  x  x</td>
</tr>
<tr>
<td>Unit context</td>
<td></td>
</tr>
<tr>
<td>GM attitudes</td>
<td>x  x</td>
</tr>
<tr>
<td>Shared cognitive understanding</td>
<td>x  x</td>
</tr>
<tr>
<td>MNC context</td>
<td></td>
</tr>
<tr>
<td>Structural divisions</td>
<td>x  x</td>
</tr>
<tr>
<td>Global strategy</td>
<td>x  x</td>
</tr>
</tbody>
</table>

Immediate context. A particularly prominent theme throughout this study was the role of employees’ group membership on their perceptions. Employees fall into different subgroups and the findings demonstrate that different groups of employees see and experience the organization differently. Employees in different demographic groups, for example, experienced the performance appraisal differently in Essay 1. In Essays 2, 3, and 4, managerial employees differed in their perceptions and their dual identification to non-managerial employees. As discussed in the theoretical background, this may stem from actual differences in employment practices for different groups of employees (Lepak & Snell, 1999; 2002). Another consideration, however, is that even employees exposed to essentially the same HRM practices may experience them differently because they view the practices from different perspectives. Managers, for instance experience the performance appraisal from the perspective of a receiver as well as one administering the appraisal. Non-managerial employees, in contrast, are usually only on the receiving end. By experiencing the performance appraisal from different perspectives, managerial employees pick up different signals from the HRM system compared to their non-managerial counterparts.

The second consideration that subgroup membership raises is its impact on patterns of social interaction (Ibarra & Andrews, 1993). Managerial employees, for instance, interact more with HR actors than non-managerial employees because HR actors train and support managers in fulfilling their managerial duties. Managerial employees, therefore, are likely to have more first-hand information and stronger relational ties (affinity) with the HR actor than their non-managerial colleagues. Similarly, employees in expatriate or interdependent work roles interact and collaborate with actors in other MNC units more than employees in other job roles because of the nature of their work and the goals they need to achieve. Through active interaction, employees in these roles get to know the MNC better as a whole and develop relational ties with members across different MNC units. Furthermore, the job role and position that an individual holds within the MNC has implications for the sense of interdependence he or she has with other organizational actors.

Therefore, where the individual is positioned within the organization has important consequences on his or her patterns of interaction with other actors, and the signals that he or
she picks up (Mäkelä et al., 2013). These, in turn, drive differences in employees’ perceptions and identification. However, the findings from this study also indicate that these differences may not be obvious at first sight because employees belong to several different intersecting subgroups (Boogaard & Roggeband 2010; Özbilgin et al., 2011; Sawyer et al., 2013). Furthermore, the individual’s immediate context is embedded in multiple organizational contexts that also have implications for the signals employees receive and the people they interact with. I now turn to consider factors in the organization level contexts that influence employees’ patterns of social interaction and the signals they pick up.

**HRM context.** The specific HR actors and the way the HRM system is structured and enacted varies from one organization to another, and I refer to this as the organizational HRM context. Although employees’ level and nature of contact with HR actors is partly determined by their job role (such as holding a managerial position), another consideration is the organizational HRM context.

First, HR actors are active agents and determine to some extent how much they interact with employees. Essay 2, for instance, showed that some HR actors exercised more agency than others by proactively “selling” the value of the performance appraisal and engaging in more than just administrative tasks. Through such actions, these HR actors became more visible and were more positively regarded. Thus, the information employees attain and the relational ties they develop with HR actors is partly determined by the HR actors themselves.

Having said that, it is important to recognize that HR actors are also constrained by the wider HRM context. The way the HRM system is structured and executed has implications for the level of contact HR actors have with employees. The use of eHRM, for instance, had a negative effect on employees’ perceptions of HR actors. The use of eHRM often results in less direct contact between HR actors and employees, meaning HR actors have fewer opportunities to influence employees’ perceptions, and employees therefore have less direct information about HR actors and weaker relational ties with them (Lord & Maher, 1990). This highlights how organizational systems, such as the HRM system, are complex and interlinked. One part of the system has implications for how other elements behave and are perceived.

**Unit context.** The HRM context is embedded in the wider subsidiary unit context. Actors in senior positions, such as the GM, not only influence employees’ perceptions directly through their own attitudes, but may also influence the level of interaction that HR actors have with employees. Senior managers have the authority, at least to some degree, to place HR actors in positions that make them more visible and influence the level of interaction between HR actors and other employee groups (Brandl & Pohler, 2010). Through their behaviors, senior managers influence HR actors’ opportunities to exercise agency and interact with employees.

Another factor in the unit context that was found to have specific consequences for employees’ identification was shared cognitive understanding between subsidiary units and headquarters. Shared cognitive understanding, referring to shared interpretations and meanings (Nahapiet & Ghoshal, 1998), is an intangible, internalized factor at the organizational level. It is conducive to smoother communication and collaboration among units (Mäkelä & Brewster, 2009; Nahapiet & Ghoshal, 1998), which improves the clarity in messages exchanged and fosters better relationships between members of these units. Shared cognitive ground, therefore, influences the quality of the social interaction employees in the subsidiary unit experience with headquarters’ members.

**MNC context.** Finally, the unit context is embedded in the wider MNC context. One prominent factor in the MNC context was the impact of MNC-driven structural boundaries on employees’ perceptions and dual identification. This relates to the issue of different subgroups the employees belong to. Subgroups form along several different faultlines, some of which are driven by the organizational structure. Particularly relevant in the MNC context are the faultlines between the MNC’s headquarters and its foreign subsidiaries. Where employees fall
along these structural divisions has important consequences on the signals they pick up as well as how employees relate to each other across these structural divisions. Essay 1 showed that employees in different parts of the MNC had different perceptions of the performance appraisal system, which implies they may be picking up different signals from it. Further, these structural divisions have implications on employees’ relational environment. The coupled form of identification was only found among subsidiary employees, which indicates that the way headquarters and subsidiary employees relate to each other may differ. Headquarter employees may not perceive a similar sense of mutual interdependence with the subsidiary units as subsidiary employees sense with the headquarters.

Another significant factor in the MNC context was the impact of the MNC global strategy on employees’ identification. The MNC’s global strategy determines what the organization’s value chain looks like, and how work is organized (Bartlett & Ghoshal, 1998). This, in turn, determines what types of job roles employees hold. In Essay 5, a sense of interdependence was found to be an important driver of dual identification, and this was closely tied to the nature of the individual’s job role. Those employees who held interdependent job roles worked in a highly globally integrated MNC. The nature of the value chain was such that employees in different MNC units must collaborate and work together to achieve their goals. Such interdependence among employees in different parts of the MNC may only exist in MNCs pursuing a globally integrated strategy. The MNC context, therefore, influences employees’ identification through its influence on the nature of employees’ job roles, and therefore also on the nature of employees’ interaction with other members of the MNC.

5.3 Conclusions and contributions

In the previous two sections, I discussed the findings of this study according to the different types of antecedents to employees’ perceptions and identification. In this section, I discuss my findings on a more general level and how these contribute to our understanding of individuals in organizations.

The employee perspective. Primarily, this study contributes to the growing body of literature on microfoundations in HRM research. It explicitly recognizes that organizations are made up of individuals and extends previous research by developing our understanding of the employee perspective of the organization. Although there is increasing interest in incorporating the employee perspective into HRM research, as witnessed by the increase in multilevel studies in the field, the emphasis still tends to be on the organizational level of analysis (Molloy et al., 2011; Peccèi & Van de Voorde, 2016). This project was chiefly concerned with the individual. This study indicates that employees’ cognitive responses to the organization can and should be examined. The focus in previous HRM research has tended to be on how HRM influences employees’ motivation, opportunities, and abilities (MOA) to fulfill organizational objectives (Paauwe, 2009). Through this study, I add a complementary perspective by suggesting that the way employees perceive and interpret their organizational surroundings is also an important prerequisite of employees’ behaviors. I find specific mechanisms by which HRM and the organization more generally influence employees in terms of their perceptions of the organization and how they relate to the organization.

Multi-perspective approach. Methodologically, this thesis makes a contribution by applying theoretical and methodological triangulation. This enabled a holistic analysis of employees’ perceptions and identification. This study applied multiple theoretical lenses to identify factors that influence employees’ perceptions and identification, ensuring that factors were analyzed from different angles. Furthermore, the combination of quantitative and qualitative methods enabled examination of employees’ perceptions and identification from different methodological perspectives. Each method has its own strengths and weaknesses, but the
A combination of different methods can promote a better understanding of the phenomenon under study (Birkinshaw, 2004). Thus, the methodological approach taken in this study allowed for a comprehensive examination of such broad and multifaceted issues as perceptions and identification.

**Signals and social interaction.** The overall findings suggest that employees’ perceptions and identification are primarily driven by the signals they pick up from the organization and by their social interaction with other organizational actors. An interesting observation that arises from these findings is that although perceptions and identification are rather distinct concepts, there are many similarities in the nature of the factors that influence these.

While social interaction may have been a more prominent driver for identification, this study found that organizational practices also influence employees’ identification because these serve as a source of information about the organization. In a similar manner, signals are perhaps an obvious antecedent to perceptions, but the signals that employees’ receive and how they interpret them are heavily influenced by other people (Salancik & Pfeffer, 1978; Weick, 1995).

While there was some overlap between the two categories, in that employees also pick up signals through their interaction with other actors, social interaction entailed other elements that drive employees’ perceptions and identification: affinity and a sense of interdependence. Previous research has pointed to the importance of the social environment in different capacities (Gioia & Chittipeddi, 1991; Ibarra & Andrews, 1993; Weick, 1995), and this project contributes by highlighting not only the importance of relationships, but also specific qualities of these relationships in influencing perceptions and identification.

**Variance.** Whilst interest in the employee perspective has gained some academic interest in the field of HRM, the focus in these studies tends to be on the organizational level. Employee idiosyncrasy is often either implicitly or explicitly attributed to either internal, personal differences (personality, schema, traits) (Minbaeva et al., 2012), or to the “strength” of the signals sent by the organization (Bowen & Ostroff, 2004; Sanders et al., 2008). The findings of this study indicate that there are systematic sources of variance in employees’ perceptions that relate to the organization.

Specifically, the findings of this study indicate that variance in the signals employees pick up and in their patterns of interaction (and the resulting variance in employees’ perceptions and identification) might be traced to the multiple contexts in which the individual is embedded. Their most immediate context concerns the differing subgroups that an employee belongs to. This is embedded in the HRM context, which is in turn embedded in the unit and MNC contexts. Factors in each of these contextual layers have implications on the signals employees pick up and their patterns of social interaction.

**Levels of analysis.** Employees’ perceptions and identification are driven by a complex interplay of factors between different levels of analysis. This study built on the microfoundations model and thus sought to examine individual and organizational level factors that influence employees’ perceptions and identification. What I found was that distinguishing between these two levels of analysis is not clear-cut. For example, an individual’s perceptions of HR actors appear to be influenced by his or her level of contact with HR actors. The individual’s social interaction with HR actors may depend on whether he or she has managerial duties, as well as how active the HR actor is in interacting with employees, which, in turn, may be constrained or promoted by the way the organizational HRM system is structured. In other words, multiple factors at both levels of analysis have an influence on employees’ perceptions and identification, and these are interlinked.

**Microfoundations and context.** Bringing these findings together, the main conclusion I draw from this study is the importance of context. Further, the conclusions of this study suggest an
extension to previous conceptualizations of the microfoundations model. As illustrated in Figure 11, whilst organizations attempt to influence employees through various means, such as HRM inducements or high-commitment HRM practices, the influence these have on employees depends on the context in which this takes place. Where the individual is positioned within the organization along with whom he or she interacts with, determine how the individual perceives and relates to the organization. As an illustration from this study, dual identification is promoted through signals the HRM system emits, but the effect this has on an individual’s form of dual identification may also depend on the individual being located in an interdependent job role within the subsidiary of a MNC following a globally integrated strategy. In short, the context in which the individual is embedded has profound consequences on his or her cognitive responses to the organization.

The microfoundations model was a useful starting point for inspecting employees’ perceptions and identification as it allowed for a systematic categorization of different antecedents by level of analysis. However, my analysis found that it is limited for two reasons. First, it does not account for the multiple contexts in which individuals see and experience the organization. Second, it glosses over the complex interplay between the different factors that influence employees’ responses.

5.4 Implications

This study also contributes to managerial practice by suggesting some practical implications. The findings of this study reveal sources of variance in the way employees perceive and identify with the organization. Since part of this variance is attributable to organization-driven factors, there are measures that organizations can take to influence employees’ perceptions and identification. Below I suggest how.
HRM system. An important issue that MNCs need to pay attention to in their HRM systems is that these are consistent with and support the organizational values and goals. By integrating organizational values into HRM practices, MNCs can make them more visible and salient to employees in different parts of the organization.

However, organizations also need to be aware that employees fall into multiple subgroups and different groups of employees experience the organization in different ways. For policy makers, HR managers, and other actors involved in implementing HRM practices, careful attention needs to be paid to the clarity of the messages that the HRM system emits as well as to how HRM practices are implemented in different parts of the organization. This involves considering how different subgroups of employees experience the HRM practices – a “one-size fits all” approach may be particularly inappropriate in the MNC context.

Additionally, the findings of this study indicate that the way the HRM system is structured and organized has important consequences on employees’ perceptions. Given the importance of social interaction on employees’ perceptions of HR actors, it is important that decision makers involved in constructing and organizing the HRM system ensure that it does not hinder direct contact between employees and HR actors.

Cultivating employee relations. For HR managers, contact with employees seems to be a crucial factor in influencing how employees perceive them. HR managers need to be aware that they may naturally have more contact with managerial employees, and extra efforts may need to be taken to interact with non-managerial employees. Furthermore, the findings of this study suggest that HR managers have a degree of agency in how much they interact with other employee groups. Taking the initiative to interact with employees, showing concern, and making efforts to improve employees’ work life experiences are likely to be rewarded with positive perceptions.

Cultivating managerial relations. In addition to the above, given the influence of the senior manager on other employees’ perceptions, HR managers need to cultivate a strong relationship with the senior manager, and influence their attitudes towards the HRM system as well as themselves. Developing a good rapport with senior managers might be achieved through demonstrating competence in HR-related matters and taking initiative. This implies engaging in more than just routine administrative HR duties, given that other factors (such as cultural and structural constraints) allow.

Promoting dual identification. The findings of this study imply that organizations can influence employees’ identification by influencing their social environment. Employees relate to the organization through relationships with other actors. There are two ways in which employees’ social environment might be shaped to foster dual identification in the MNC context. First, MNCs can create situations or organize work so that employees work interdependently with members from different parts of the MNC. These may include, for example, international and cross-functional assignments. Second, the importance of shared understanding between the subsidiary and headquarters creates a setting for smoother social interaction. Efforts, therefore, ought to be made that headquarters and subsidiary managers have shared understandings of values and goals. This might be done through regular communication and interactive workshops that focus explicitly on this.

5.5 Limitations and future research

As with all research, the findings of this thesis are subject to certain limitations. The limitations of each separate study are outlined in detail in each of the essays. Below I highlight some more general limitations pertaining to this research project, followed by potential areas for future research.
The focus of this study was on two employee cognitive responses: perceptions and identification. These occur internally and all research endeavors to measure these face certain weaknesses. Attempting to quantify them via measurement scales only gives some indication, and the comparability of these measurements across individuals is a matter for debate. The problem of comparability is exacerbated when measurement scales are employed across countries and cultures because the way various terms are understood and the way individuals respond to measurement scales has been found to differ across countries (Green & White, 1976). Although geographical or cultural distance were controlled for where possible, caution should be taken in interpreting the cross-national applicability of these results.

Another limitation of this study pertains to the cross-sectional nature of the data. For quantitative analysis, this means that it is only possible to determine relationships between variables, but not causality. For the qualitative studies, the data reflect perceptions and identification at the point of data collection, but these are malleable and change constantly (Moskowitz, 2005).

Another important limitation of this study relates to the antecedents to employees’ perceptions and identification that were considered in this study. The factors examined here are by no means exhaustive. There are a number of factors that are likely to influence employees’ perceptions and identification, but are missing from this study. The variables I analyzed for this thesis were constrained by the frames of the larger research projects from which the data was gathered. One particular factor that deserves further attention in future research is the influence of co-workers on employees’ perceptions (Kehoe & Wright, 2013). This was only considered in the dual identification studies.

A final limitation that is worth pointing out here concerns the generalizability of the results in this study. Whilst this study sought to answer the question of factors that influence employees’ perceptions and identification from multiple perspectives, this was studied in very specific contexts: perceptions of HRM and dual identification. Therefore, there are concerns whether the findings in this study apply to other cognitive processes. Furthermore, this study was set in the context of Nordic MNCs and their foreign subsidiaries, and the respondents represented white-collar workers in relatively high positions. The findings of this study may not apply to other employee groups in other setting.

The limitations of this study suggest ideas for future research. Employees’ perceptions and identification represent a vast area of concern, and it is impossible to cover all aspects that influence and relate to these in one study. Studying the perceptions and identification of different employee groups, in different settings, and considering a wider variety of variables is likely to bring up more interesting findings and further develop our understanding of employees’ cognitive processes in the organizational context.

There are also multiple avenues in which this research field could be developed. For example, a central finding of this study was the impact of context on employees’ perceptions and identification. One direction in which this research could be taken forward is by considering even wider contexts in which individuals are embedded. This study considered different layers of context within the MNC, but MNC are embedded in multiple internal as well as external networks (Figueiredo, 2011). Therefore, an interesting avenue for future research would be to consider the implications of these wider contexts on employees’ perceptions and identification.

Another area in which this research field could be developed is studying how employees’ cognitive responses translate into behaviors. This is a particularly pertinent question for future research. Although it is widely accepted that cognitive responses precede behavioral responses, the link between these is somewhat obscure. For example, research that has considered employees’ cognitive reactions to the performance appraisal have found that these cognitive reactions do not necessarily translate into performance (behavioral) outcomes (Dorfman, Stephan, & Loveland, 1986; Lee & Son, 1998). Further, a study by Edgar and Geare (2014) on
the link between perceived HRM and performance outcomes shows that employees’ perceptions of HRM influence their attitudes, but not their task performance. This would imply that in the same way that HRM does not automatically translate into desired employee behaviors, employees’ perceptions and attitudes also do not automatically translate into desired employee behaviors. The causal chain remains more complex than this set of elements, meaning future research needs to consider a broader set of variables (ibid.).

Both the study of employees’ perceptions and identification, and how these relate to employee behaviors would benefit from longitudinal analysis and consideration of individual internal attributes. Longitudinal analysis is better suited to answering questions of causality, which would allow for investigation of how employees’ perceptions develop and change over time, as well as if and how these influence employees’ behaviors over time (Griffin, 1991).

Internal attributes such as personality, traits, and personal disposition, have important consequences on individual’s cognition and behavior, which have been addressed in the psychology literature, but are largely missing from organization research. Though these were omitted from this study, internal attributes are highly relevant factors that are likely to give insight into the issue of idiosyncrasy in employees’ perceptual and behavioral reactions in the workplace (Wright & Boswell, 2002).

All in all, there is still much to be discovered about employees’ cognitive processes in the organization, as well as how these fit into the bigger picture of organizational functioning. Nevertheless, this study takes a step in opening up the issue of employee idiosyncrasy and shows that there is meaningful variance in the ways that employees respond to the organization. Employees are the fundamental building blocks that make up organizations and we can learn more about the way employees think by considering where they are in the organization and with whom they interact.
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INTERSECTIONALITY AND EMPLOYEE EXPERIENCES OF PERFORMANCE APPRAISAL WITHIN THE MNC

Sofia John

Unpublished essay

Abstract

To develop our understanding of diversity and inclusion in a global context, I employ an intersectional lens to analyze how structural faultlines in the MNC context intersect with employee gender to shape different employee subgroups’ experiences of a common organizational practice, namely performance appraisal. I analyze employee sentiments towards the performance appraisal system and find that the intersection between gender and foreignness produce strong amplifying effects on employees’ experiences. Female employees in foreign subsidiaries, independent of cultural and geographical distance, express higher levels of negative sentiments towards the performance appraisal than either male employees in foreign units or female employees in home-country units. What is more, they associate these negative sentiments most commonly with the personal meaning and outcomes of the performance appraisal, whereas the other examined employee groups expressed dissatisfaction most frequently in relation to faults in the performance appraisal tool or its implementation.

Keywords: intersectionality; diversity; multinational context; performance appraisal

Introduction

The changing composition of the workforce has spawned a proliferation of research on diversity and inclusion, which acknowledges and addresses differences in organizational experiences among employees belonging to different social and demographic categories (Benschop, 2001; Milliken & Martins, 1996). While many advances have been made, this literature focuses mostly on gender and race (Özbilgin, Beauregard, Tatli & Bell, 2011) in single-country, typically Anglo-Saxon, contexts with a one-size-fits-all approach (Nishii & Özbilgin, 2007). Given the changes generated by globalization and internationalization, we may need to develop more nuanced perspectives of diversity and inclusion in an international context. Several researchers have, for example, criticized the way multinational corporations (MNCs) approach workforce diversity, because their policies and practices tend to stem from ethnocentric assumptions and definitions of diversity (Jones, Pringle & Shepherd 2000; SüB & Kleiner, 2008), which may or may not fit other contexts where cultural values differ significantly (Syed, 2008; Magoshi & Chang, 2009).
Particularly notable in the MNC context is the workforce diversity that is driven by the geographic, cultural, and linguistic dispersion of the organization. The geographic, cultural, and linguistic boundaries that are inherently present within the MNC may create faultlines (Lau & Murnighan, 1998) along which formal and/or informal subgroups of employees emerge – be they between different geographical units, language clusters or functional groups (Marschan-Piekkari, Welch & Welch, 1999; Mäkelä, Kalla & Piekkari, 2007). These faultlines can lead to various ingroups and outgroups (Tajfel, 1982; Tajfel & Turner, 1986), and consequently to advantages or disadvantages that are more structurally than demographically driven. What is more, when these faultlines interact with demographic diversity, such as gender, they may lead to different dynamics in the MNC context than in purely domestic settings (Zander, Zander, Gaffney & Olsson, 2010). In fact, not only is our understanding of the consequences of cultural and geographic diversity on employees’ experiences lacking (Kamenou, 2007; Nishii & Özbilgin, 2007), but there is also increasing recognition that examining the impact of any single dimension of diversity on its own is of limited value. Individuals belong to a number of different diversity-related categories simultaneously, the intersections of which create complexities that are difficult to capture in single group-category research (Boogaard & Roggeband, 2010; Sawyer, Salter & Thoroughgood, 2013).

This study takes the view that intersectionality has much to offer in the field of International Human Resource Management (IHRM) and adopts this perspective to examine the experiences of MNC employees. In what follows, I analyze how MNC-internal structurally-driven diversity intersects with gender to influence employees’ organizational experiences in the subsidiaries of four Nordic MNCs in the context of performance appraisals. My focus on employee experiences of performance appraisal, rather than formal diversity policies and practices, stems from the contention that differences in employees’ organizational experiences can be revealing of underlying issues (Greenhaus, Parasuraman, & Wormley, 1990; Triana, Garcia & Colella, 2010). HRM practices are perceived and interpreted differently by different employees (Guzzo & Noonan, 1994), and these perceptions rather than the practices in themselves influence the impact these have on organizational outcomes (Spreitzer, 1996; Thomas & Velthouse, 1990; Wright & Nishii, 2007). The performance appraisal is broadly considered the core and most human-capital enhancing of the HRM bundle of practices (Biron, Farndale, & Paauwe, 2011; Takeuchi, Lepak, Wang, & Takeuchi, 2007), giving input for the diversity-relevant outcomes of pay and benefits, promotion and succession planning, talent pool inclusion, and careers.

More specifically, I conduct a sentiment analysis of the experiences of male and female employees in home-country units and foreign units in Europe and China, comparing their positive and negative associations of performance appraisal. I then compare to which aspects these employee groups attribute their negative sentiments, examining whether and how intersections of diversity differ in this regard. I contribute to the existing literature by conducting empirical research on variance in employees’ experiences of performance appraisal. Notably, I assess the relevance of structurally-driven geographic and cultural diversity in combination with gender on the experiences of MNC employees. I also answer calls for more micro-level research in HRM by taking explicitly the individual, employee-level perspective, an important step towards understanding the sub-processes through which HRM practices impact organizational performance (Nishii & Wright, 2008).

**Theoretical framework**

**Diversity and inclusion in MNCs**

Interest in diversity and inclusion has grown out of the demographic changes in the workforce in the US and other Western countries over the past decades (Syed & Özbilgin, 2009). Workforces in these regions are increasingly characterized by more women, different
ethnicities, and alternative lifestyles. It is widely believed that change in the constitution of the workforce necessitates changes in the way employees are managed for smooth and just organizational functioning (Roberson & Stevens, 2006).

In its widest sense, diversity refers to all the ways in which employees differ (Wentling & Palma-Rivas, 2000), and managing diversity can refer to a number of things, including commitment on the part of organizations to recruit and retain employees from diverse backgrounds, or policies and initiatives aimed at eliminating discrimination and promoting diversity, or even making diversity part of the business strategy (Cox 1993; Prasad & Mills 1997). Managing workforce diversity is considered to be one of the most significant challenges for organizations today and has gained considerable attention in the fields of HRM, International HRM, as well as practitioner circles (Kamenou, 2007).

There are particularly strong reasons for IHRM to be concerned about diversity and inclusion as there is naturally a higher level of diversity in the international context (Kamenou, 2007). Nevertheless, relatively little research has been conducted on global diversity management and inclusion, and global diversity practice remains underdeveloped (Nishii & Özbilgin, 2007). By the term “global diversity”, I refer in particular to the management of diversity across employees and countries within a global or multinational firm (ibid.). In this context, structurally-driven diversity relating to the geographic, cultural, and linguistic boundaries within a MNC create important dimensions of MNC-internal difference that influence employees' organizational experiences. For example, geographical and cultural distance has been shown to be associated with a liability of foreignness. For instance, decision makers (typically at headquarters) may notice the contributions of employees who are more closely or centrally located, or otherwise more similar to themselves, better than those of employees who work in more distant or less central units (Mäkelä, Björkman & Ehrnrooth, 2010). In fact, geographical, cultural, and linguistic similarity may lead to informal clustering between different parts of the organization, in which some groups enjoy more in-group advantages whereas other are confined to an out-group status, with for instance, the consequence of being outside important knowledge flows (Marschan, Welch, & Welch 1997; Monteiro, Arvidsson & Birkshaw, 2007).

It is in furthering this work that Zander et al. (2010) propose that the study of the intersections of different diversity faultlines has great potential to explain both social interaction and important organizational outcomes (such as career progression) within the field of international management. I turn to the concept of intersectionality in more detail in the following section.

**Intersectionality**

The concept of intersectionality is widely used in the social science field, and refers to the interaction of categories of difference (Hancock, 2007). The intersectionality approach focuses on how these categories intertwine to shape individuals' experiences of inclusion/exclusion and subordination (Davis, 2008). The assumption is that different social categories have importance and consequences (McCall, 2005), and that these “interact to form qualitatively different meanings and experiences” (Warner 2008, p. 454). They are not considered to be independent of each other, but rather seen to interact together to shape power relations and individuals’ social experiences (Sawyer, Salter & Thoroughgood, 2013; Zander et al., 2010).

For example, the most commonly studied diversity categories of race and gender have each respectively been found to influence individuals’ organizational experiences, such as career progression, access to mentoring, participation in informal networks, tokenism, the glass-ceiling effect, and other areas of worklife (see, for example, Nkomo & Cox, 1996). Yet, the interaction between such diversity categories may reveal unique and different patterns, and
many researchers go as far as arguing that the effects of membership to a particular identity group cannot be studied in isolation from other categories (Nkomo, 1992; Acker, 1990; Nkomo & Cox, 1996). Individuals who possess multiple subordinate-group identities potentially face more challenges because they do not fit the prototypes of any single group, and hence experience ‘intersectional invisibility’ (Purdie-Vaughns & Eibach, 2008: 378).

Intersectional research began with the exploration of the societal discrimination of black women, and has expanded to apply to many different intersections of identities (Crenshaw, 1994; Styhre & Eriksson-Zetterquist, 2008). It also highlights the relevance of various diversity dimensions on an individual’s experiences. For example, Adler’s (1987) study of female employees in Japan found that foreign women were primarily perceived as ‘gaijin’, meaning non-Japanese or foreign, rather than primarily as women. This led to them experiencing more degrees of freedom than they would have experienced in their home-country or that Japanese women experienced in Japan. Had the study taken a gender-only perspective, this would clearly have hampered the analysis. This example illustrates that not all diversity-related dimensions are equally relevant in all contexts, or that they may intersect in surprising ways. I will now move on to the methodology of this study.

**Methodology**

**Research design**

This paper is concerned with how MNC-internal, structurally-driven diversity intersects with gender to influence employees’ organizational experiences of performance appraisals. With this in mind, using data from a larger research project on HRM in Nordic multinationals, I selected eight subsidiaries in four Nordic MNCs, in which I could intersect the experiences of male and female employees in a comparable sample of different MNC units. I first selected two MNCs where I had interview data from units in the same countries. In these two initial case companies, I was able to compare employees’ experiences in units in Finland and China. This allowed me to juxtapose the experiences of male and female employees in a home-country unit against those of employees in a foreign unit, which was located in a geographically distant, and culturally and linguistically very different context. Although this data does not allow us to draw conclusions in terms of causality (of, for instance, whether any potential differences are driven by the home-country/foreign unit distinction, geographical distance from headquarters, or cultural differences in terms of equality or power-distance), I was nevertheless able to cut the data across the faultlines of gender, unit boundaries, or both. Thirty semi-structured interviews were conducted in these four MNC subsidiaries.

Next, I selected four more subsidiaries from another two Nordic MNCs (one in Finland and one in Norway), where one unit was located in a Western European country and the other in China. The two European units were located in Germany and the UK. Whereas in the first two MNCs I compared male and female experiences in home-country units versus foreign units, I now compared two foreign subsidiaries, one geographically and culturally close to the MNC home-country, the other distant. Juxtaposing these two comparative analyses thus allows for examining male and female experiences across different structurally-driven faultlines (home-country versus foreign unit, and cultural and geographical distance). A further 27 interviews were conducted among managers and professionals in these four MNC units.

The final sample thus consists of 57 interviews in eight subsidiaries. All four case firms are large manufacturing firms with global operations, major global players in their respective industries, and headquartered in Finland or Norway. MNC1 operates in the chemistry industry, MNC2 in the telecommunications industry, MNC3 in the maritime industry, and MNC4 in the heavy machinery business (further details of the case companies are undisclosed in order to
preserve anonymity). Table 1 gives an overview of the interviews in this study and Table 2 provides information on the functions of the units in which interviews were conducted.

Table 1. Interviewees in each MNC and unit

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<th>MNC 1 (Finland-China)</th>
<th>Finnish/European Unit</th>
<th>Chinese Unit</th>
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<tr>
<td>2</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>4</td>
<td>3</td>
</tr>
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<td>4</td>
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<tr>
<td><strong>Totals</strong></td>
<td>15</td>
<td>13</td>
</tr>
</tbody>
</table>

Table 2. Functions of subsidiaries

<table>
<thead>
<tr>
<th>Subsidiary 1 (Finland/Europe)</th>
<th>MNC 1</th>
<th>MNC 2</th>
<th>MNC 3</th>
<th>MNC 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td></td>
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<td></td>
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<tr>
<td>Sales</td>
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<tr>
<td>Service</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Subsidiary 2 (China)</th>
<th>MNC 1</th>
<th>MNC 2</th>
<th>MNC 3</th>
<th>MNC 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Service</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R&amp;D</td>
<td></td>
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</tr>
</tbody>
</table>

The data were collected by a team of six researchers, and teams of at least two interviewers were used whenever possible. The interviews were conducted in English, Finnish, and Mandarin/Cantonese depending on the most natural common language between the interviewer and interviewee. Particularly in the case of China, the presence of a native Chinese interviewer and the possibility to speak in the interviewee’s mother tongue helped build rapport and encouraged interviewees to be more open, increasing the richness and accuracy of the data. Given the relatively sensitive nature of the performance appraisal context, this was an important measure without which this analysis might not have been able to tap into employee experiences to the same extent. The interviews conducted in Mandarin or Cantonese were translated to English, and the English and Finnish language interviews were coded in the original languages.

The interviewees were asked to describe their last performance appraisal process in detail, give as many practical examples as possible, and reflect on the visibility, validity (i.e., does the performance appraisal practice achieve what it is meant to do) and fairness (procedural and distributive justice: i.e., whether or not interviewees experience the appraisal as fair in terms of its process and outcomes) of the corporate performance management practice (Bowen & Ostroff, 2004). In addition, background data of the individual (such as position, tenure), and contextual data of the unit (such as size, major changes) was collected. The interviewees were white-collar managers and professionals from different functions who worked within the three highest levels of hierarchy in their respective subsidiaries. The interviews lasted approximately 60 minutes each, and were digitally recorded and transcribed verbatim.
Importantly, although the present paper focuses on the experiences of different employee groups and their intersections, neither diversity nor intersectionality was covered directly in the interviews. In other words, the above interview questions addressed employee experiences of performance appraisals in general rather than in terms of diversity, which was not the original focus of the study. My interest in diversity arose after the data had been collected, when I was introduced to the topic through another endeavor. Consequently, having been exposed to diversity research, I started to notice connections between this literature and the emerging patterns in the data that I had collected, and started to examine the interviews from this perspective. This emergent process may be seen as a central advantage and contribution, as it means that the data consists of rich descriptions of performance appraisals from many different employees in the focal unit contexts. Further, the data is naturally-occurring, characterized by high context realism, and unforced in that any sentiments expressed during the interview were not prompted from the potentially sensitive angle of diversity (Jyrkinen & McKie, 2012; Scandura & Williams, 2000).

What is more, performance appraisals are perhaps the most central and widespread HRM practice across firms, including the subsidiaries of Western MNCs in China (Lindholm, 1999). It is also one of the most standardized HRM practices within an organization, including those of the case companies, making the experiences of employees at different levels and different parts of the organization more comparable than those of many other HRM practices. In addition, the performance appraisal is often directly linked to a number of important individual-level outcomes such as feedback, compensation, training, and succession planning (Mabey & Salaman, 1995). As these are factors that have direct consequences on employees' career development and motivation, one can expect them to pay considerable attention to it. In fact, given that performance appraisal satisfaction has been associated with overall job satisfaction (Kuvaas, 2006; Blau, 1999), one might therefore expect employees' experiences of performance appraisal to be indicative of their overall organizational experience. Although performance appraisals have been extensively studied in HRM and work psychology research, including some research on the effects of employees' background characteristics (see for example Maurer & Taylor, 1994; Cox & Nkomo, 1986; Kraiger & Ford, 1985), there is little research addressing the intersections of these categories.

Data analysis

I applied a configurational approach to the data analysis (see Zander et al., 2010 for different approaches to examine intersectionality) using pairwise, comparative cross-case analysis to search for patterns in the data. This approach allowed me to compare the cases in divergent ways, using different categories to group individuals and then compare them for similarities and differences (Eisenhardt, 1989). As is common practice in qualitative research, I analyzed the interview data in multiple phases (ibid., Barley, Meyerson & Grodal, 2011). This involved going back and forth between the data, coding, and extant literature.

Firstly, I started by reading through the interview transcripts multiple times in order to get a general understanding of the data. This involved preliminary coding, in which I compiled summaries of the interviewees, noting down their general sentiments towards the performance appraisal system, and any particular themes that reoccurred in their accounts. All interviewees expressed positive and negative experiences in differing degrees towards the performance appraisals, and whilst they might have been satisfied with parts of the performance appraisal process and outcomes, other parts of the system proved disappointing or even demotivating. It was these positive and negative sentiments that emerged as the strongest potential difference between the interviewees: while some interviewees were primarily positive, others harbored clearly more negative experiences. This can, of course, be expected, but when I examined these positive and negative sentiments in more detail, I could not associate them to the unit context (employees of the same unit had both primarily positive and primarily negative sentiments).
nor the supervisory situation (the positive and negative sentiments did not seem to be associated with specific supervisors). Yet, although it was difficult to identify any clear patterns using this traditional content analysis, a strong but elusive impression emerged that there was something underlying in the data, particularly in the sentiments the interviewees expressed.

Inspired by other studies that have combined a mixed method approach to analyzing qualitative data (for example, Suddaby & Greenwood, 2005), I decided to conduct a sentiment analysis (Yi, Nasukawa, Niblack, & Bunescu, 2003), in which I coded and counted the number of times each interviewee expressed either a positive or a negative sentiment regarding the performance appraisal. For this, I used MAXQDA 11 computer software to code the interview transcripts by assigning a POS or NEG label to each instance in the interview that expressed either a positive or negative sentiment. These positive and negative sentiments of the performance appraisal provided a clear contrast in employees’ experiences and hence a useful base for comparison. This stage of the analysis allowed me to grasp potential patterns in employees’ experiences and capture the ‘deep structures’ of the data (Berg, 2004) that were invisible to the naked eye. Counting the number of positive and negative sentiments in each of the interviews gave me quantifiable evidence of the overall positivity or negativity of the interviewees’ accounts of the performance appraisal.

Once I had coded and counted the total number of positive and negative sentiments of the performance appraisal for each interviewee, I then compared these accounts along single dimensions of diversity. First, I contrasted the sentiment counts of male and female employees in each unit. Comparing the effects of gender on employees’ experiences of performance appraisal was a natural choice as individuals are easy to identify and classify into these categories, and because it is a prominent characteristic studied in diversity literature. Interesting differences emerged, which I will return to in the next section. I also looked into other potential faultlines (such as tenure/age, hierarchical level, and whether the interviewee had subordinates or not), but found no meaningful differences between these categories. Race, another commonly studied diversity factor, was not a relevant category in the data given that most employees in each unit were local and of similar race. After conducting the gender comparisons in each of the units separately, I then compared the positivity/negativity balances of one unit’s employees against those of the other units in the data, to intersect gender diversity with the structural boundaries of home-country/foreign unit, and geographical/cultural distance.

Following this first quantitative phase of sentiment analysis, I then returned again to the interview transcripts to conduct deeper content analysis, in order to detect potential patterns in terms of why some (groups of) interviewees were primarily positive and other primarily negative. I did this by coding and grouping the interviewees’ sentiments into different themes along issues and topics they accounted in relation to their negative sentiments. This combination of a quantitative sentiment analysis and qualitative content analysis has the advantage of first zooming out to detect hidden differences in the interviewees’ overall sentiments across potential faultlines, and then inductively zooming back into the data to examine why this might be the case (Strauss & Corbin, 1998; Eisenhardt, 1989).

Findings

Sentiment analysis

Following the research design and analysis strategy as outlined above, I first compared employees’ experiences of the performance appraisal within and between units by quantifying positive and negative sentiments, and searching for patterns in their accounts along gender and MNC structurally-driven faultlines. I totaled the coded sentiments first for the male interviewees for each unit as per total positive (+), total negative (-), and balance (+ or -), and
then did the same for the female interviewees. This process allows for the comparison of the overall balance between positivity and/or negativity across the gender faultline in each of the units separately and then across the different units, without the comparison being biased by different numbers of male/female interviewees, total number of interviewees in each unit, or differences in the length of the interview. The results of the sentiment analysis are displayed in Tables 3 and 4 below. Table 3 gives the differences in sentiments between males and females in each unit, and Table 4 shows the balance of sentiment differences between genders in each set of units according to their cultural and geographic location (home-country units in Finland versus foreign units in China, and foreign units in Western Europe and foreign units in China).

Overall, I found a very clear disparity in the overall sentiments between female interviewees and their male counterparts (overall balance male +9; female -114). Table 3 shows that in six of the eight units, females expressed more negative sentiments than positive. Male interviewees, in contrast, expressed more positive than negative sentiments in five of the eight units. In Table 4, in which I intersect gender differences with those driven by the MNC structure, an even clearer pattern emerges. Comparing the balance of sentiments in MNCs 1 and 2 (the home-country unit in Finland versus foreign unit in China comparison), I see that female employees in the Chinese units have clearly more negative sentiments towards the performance appraisal (-40) than female employees in the Finnish units (-9). Further, the difference between the sentiment balance of male and female employees is very small in the Finnish units (male -10 vs. female -9), and comparatively much larger in the Chinese units (male +7 vs. female -40). It is not possible to say whether these differences are driven by the home-country unit versus foreign unit distinction or by cultural differences between Finland and China in terms of, for example, equality and power distance. Nevertheless, the findings are intriguing and point to strong intersectionality, at least in this data set, between gender and this particular structural faultline.

Table 3.  Total positive and negative sentiments

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
<th></th>
<th>Male</th>
<th>Female</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Positive</td>
<td>Negative</td>
<td>Difference</td>
<td>Positive</td>
<td>Negative</td>
<td>Difference</td>
</tr>
<tr>
<td>MNC 1 Finland</td>
<td>27</td>
<td>25</td>
<td>2</td>
<td>14</td>
<td>23</td>
<td>-9</td>
</tr>
<tr>
<td>MNC 1 China</td>
<td>27</td>
<td>20</td>
<td>7</td>
<td>38</td>
<td>63</td>
<td>-25</td>
</tr>
<tr>
<td>MNC 2 Finland</td>
<td>42</td>
<td>54</td>
<td>-12</td>
<td>33</td>
<td>33</td>
<td>0</td>
</tr>
<tr>
<td>MNC 2 China</td>
<td>50</td>
<td>50</td>
<td>0</td>
<td>14</td>
<td>29</td>
<td>-15</td>
</tr>
<tr>
<td>MNC 3 Europe</td>
<td>31</td>
<td>33</td>
<td>-2</td>
<td>9</td>
<td>33</td>
<td>-24</td>
</tr>
<tr>
<td>MNC 3 China</td>
<td>32</td>
<td>26</td>
<td>6</td>
<td>23</td>
<td>18</td>
<td>5</td>
</tr>
<tr>
<td>MNC 4 Europe</td>
<td>27</td>
<td>20</td>
<td>7</td>
<td>19</td>
<td>54</td>
<td>-35</td>
</tr>
<tr>
<td>MNC 4 China</td>
<td>16</td>
<td>15</td>
<td>1</td>
<td>24</td>
<td>35</td>
<td>-11</td>
</tr>
</tbody>
</table>
Next, comparing across foreign units in Western Europe and China in MNCs 3 and 4, I found that in both cases female employees (-59 in European units and -6 in Chinese units) have more negative sentiments towards the performance appraisal than male employees (with male interviewees’ balance being positive: +5 in European units and +7 in Chinese units). I also observed that the female interviewees in the European units (-59) were clearly more dissatisfied than the females in the Chinese units (-6). Although this may be partially influenced by cultural differences in readiness to project negative sentiments, it nevertheless points to the possibility that relative geographical and cultural distance matters less than the home country versus foreign unit distinction. In other words, the degree of distance may matter less than the qualitative jump from no-distance to distance. The sentiments of male and female employees in the home-country units were more or less on par (male -10 vs. female -9), whereas there was a pronounced difference between the sentiments of male and female employees in foreign units (male +14 vs. female -46 in Chinese units; male +5 vs. female -59 in European units), regardless of cultural and geographical distance.

Content analysis

In the next stage of analysis, I searched for potential patterns behind the differential sentiments among interviewees using content analysis. I first took the negative sentiments expressed by the female employees of each of the foreign units, and open-coded them to find out which aspect of the performance appraisal the negative statements were associated with (Strauss & Corbin, 1998). These tentative codes were then grouped and categorized, in order to arrive at an understanding of the types of issues that were most commonly associated with negative sentiments. I then repeated the procedure for the male interviewees in each respective unit, and juxtaposed the aspects their negative sentiments were associated with against those of the female interviewees in the same unit. All in all, I found 15 categories of sentiments, which were grouped together into five meta-categories: dissatisfaction with rewards and outcomes of the performance appraisal, the perceived lack of value of the performance appraisal, problems associated with the design of the performance appraisal tool, problems associated with the transfer and implementation of the performance appraisal, and finally, problems associated with supervisors and supervisory support. Appendix A shows the subcategories of sentiments which I grouped together, along with illustrative quotes.

Finally, all the unit-specific male versus female comparisons were collapsed into the three main MNC-structural categories that were represented in the data: home-country units in Finland (2 units), foreign units in Western Europe (2 units), and foreign units in China (4 units). The number of statements that fell in each category was converted into a percentage of the total categorized negative sentiments for each gender and MNC-structural category to allow me to make meaningful comparison across units and genders. The overview of this content analysis is presented in Table 5, which displays differences in the aspects of the performance appraisal that different employee groups associated with their negative sentiments.
Table 5. Aspects of the performance appraisal associated with the negative statements

<table>
<thead>
<tr>
<th>Coding Category</th>
<th>Finland Male</th>
<th>Finland Female</th>
<th>Europe Male</th>
<th>Europe Female</th>
<th>China Male</th>
<th>China Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dissatisfaction with rewards and outcomes</td>
<td>20%</td>
<td>19%</td>
<td>18%</td>
<td>37%</td>
<td>16%</td>
<td>27%</td>
</tr>
<tr>
<td>Perceived lack of value of performance appraisal</td>
<td>14%</td>
<td>10%</td>
<td>18%</td>
<td>23%</td>
<td>20%</td>
<td>32%</td>
</tr>
<tr>
<td>Tool and/or process design problems</td>
<td>46%</td>
<td>50%</td>
<td>18%</td>
<td>11%</td>
<td>27%</td>
<td>12%</td>
</tr>
<tr>
<td>Process transfer and implementation issues</td>
<td>9%</td>
<td>14%</td>
<td>39%</td>
<td>15%</td>
<td>31%</td>
<td>12%</td>
</tr>
<tr>
<td>Supervisory problems and lack of support</td>
<td>11%</td>
<td>7%</td>
<td>10%</td>
<td>9%</td>
<td>6%</td>
<td>17%</td>
</tr>
<tr>
<td>Total count of coded sentiments</td>
<td>74</td>
<td>58</td>
<td>51</td>
<td>104</td>
<td>104</td>
<td>145</td>
</tr>
</tbody>
</table>

Firstly, within the home-country units, there appear to be little differences between male and female interviewees with regards to the aspects that were associated with their negative sentiments. For both groups, problems interviewees mentioned most frequently related to the appraisal tool or process design:

“So this sort of calendar-based system to performance management... perhaps doesn’t fit the reality of the way you work.” (Male, Finland)

This category was associated with 46% of the negative statements of male employees and 50% of female employees’ negative statements. For all other categories, the percentage levels of male and females employees’ negative sentiments were also relatively similar.

In contrast to the home-country units, the foreign units displayed stark differences in terms of the categories that male and females interviewees associated with their negative sentiments. In the Chinese units, male interviewees paid most attention to transfer and implementation problems of the performance appraisal tool (31%), as did the male interviewees in the European units (39%):

“I think for most Chinese they don’t understand quite well about the performance appraisal... they try to discuss with each other and try to understand the performance appraisal, what they want to know, but they can’t understand correctly.” (Male, China)

This is not a surprising finding, given the well-documented issues of practice transfer in a multinational context (see, for example, Kostova, 1999).

However, the issues with which the female employees in these units associated their negative sentiments most were very different. In the Chinese and European units, the two categories most associated with negative statements among female interviewees were dissatisfaction with rewards and outcomes (#1 among females in Europe with 37% of negative sentiments; #2
among females in China with 27% of negative sentiments), and the perceived lack of value of the performance appraisal (#1 in China with 32% of negative sentiments; #2 in Europe with 23% of negative sentiments). The negative expressions that these female interviewees voiced typically had to do with the personal meaningfulness and consequences of the performance appraisal:

“We are not interested in the [performance appraisal]. It's a waste of time.” (Female, China)

“It doesn’t have lots of impact... there is not much recognition, if there is no salary raise, no bonus raise.” (Female, China)

The tool/process design problems, which were the main source of dissatisfaction in the Finnish units by both male (46%) and female (50%) interviewees, were least mentioned by female interviewees both in China (12%) and Europe (11%). For male employees in the foreign units, the tool/process design problems were also a relatively common source of dissatisfaction, ranking as the second highest source of dissatisfaction after implementation (27% in China; 18% in Europe). Issues related to the supervisor were associated with comparatively fewer negative sentiments across all units and genders, except for female employees in China (17%), which may point to a culture-specific intersectionality issue. All in all, although these findings cannot make claims about causality, the notable differences across the examined intersections raise several interesting questions in terms of diversity and inclusion in the multinational context. These will be discussed next.

Discussion

Contributions

In the interest of developing more global perspectives on managing diversity and inclusion, this study set out to explore how MNCs' structural faultlines separating employees linguistically, culturally, and geographically, intersect with demographic diversity in terms of gender to influence employees' organizational experiences. I started by conducting a sentiment analysis of the positive and negative sentiments that different intersections of MNC employees associated with a common organizational practice, namely performance appraisal, and found notable differences across intersecting structural and demographic employee subgroups. I found that overall, female employees in foreign subsidiary units were far more negative in their sentiments towards the performance appraisal than both male employees in foreign units and female employees in home country units.

Two interesting observations arise from this finding. First, the data suggests that intersectionality is an important phenomenon in the multinational context: in the data, it was neither foreignness alone nor gender alone, but the combination of both that was associated with the most negative statements. It thus seems that intersectionality produces a strong amplifying effect, which was not observed in either single diversity dimension. Second, I found a similar pattern across all six foreign units examined. This finding is interesting, in that it points to a possibility that the qualitative home versus foreign distinction may produce a more salient diversity faultline than either geographical or cultural distance, but more research is needed to assess whether this hypothesis holds in larger samples and different cultural contexts.

Further, I found commonalities within and differences between the examined employee groups in terms of which aspects of the performance appraisal the interviewees’ negative sentiments were associated with. The categories identified were not surprising in themselves, but what is interesting in the findings is the notable differences between the examined intersections of employees. Female employees in the foreign units expressed most of their negative sentiments in relation to outcomes and personal meaning of the performance appraisal. In contrast, male
employees in all subsidiaries and female employees in the home units expressed most of their negative sentiments in relation to more technical aspects of the performance appraisal system, such as the transfer and implementation of the performance appraisal tool.

There are several possible explanations to this intriguing finding. First, it may simply be that there were more tool and process related issues in home country units than in the foreign units. However, given that the most negative sentiments of male employees in foreign units were also associated with design and implementation issues, it is unlikely that unit-differences would have produced this result. Second, whilst it is possible that male and female employees pay attention to different issues in the performance appraisal, the home-country units do not display the same pattern and therefore do not support this conjecture. A third, and perhaps more likely, possibility is that males generally and females in the home country have not experienced the same extent of problems associated with the outcomes and personal meaning of the performance appraisal as females in foreign subsidiaries.

Overall, the findings suggest that intersectionality crucially affects the experiences of employees in a multinational context. In fact, I was initially intrigued to see whether either MNC structurally-driven diversity or demographic diversity would have a dominant effect on employees’ negative experiences of the performance appraisal, but found that it was neither of these categories alone. Analyzing the data in terms of foreignness alone or gender alone would have given a very different picture, and hidden the particular patterns found. Furthermore, these patterns only became apparent once I started coding and quantifying employees’ sentiments. The patterns I found were not obvious to the naked eye and traditional qualitative methods did not at first reveal meaningful distinctions between the groups of employees. Only when I first quantified the sentiments and then returned to the more traditional content analysis did patterns of difference start to emerge and crystallize – and they were surprisingly strong, both in terms of the sentiment analysis of overall positivity/negativity and the content analysis of which aspects the negative statements were associated with.

It is equally interesting what the findings tell us about what was not associated with the negative statements. For example, I paid particular attention to whether contextual issues in terms of differences of implementation at the unit level, the role and autonomy of the unit, the characteristics of the unit’s HR department, and other firm- or unit-level factors would explain the differences. Yet, these did not seem to bias my findings with regard to the intersections in a consequential way. Rather, I observed similar patterns across the data regardless of exogenous firm or unit related factors, and regardless of the employee’s hierarchical position or functional background. Second, issues related to individual supervisors seemed surprisingly extraneous, both in that I found similar patterns across units and between people who reported to different supervisors within units, and also because supervisor issues were ranked relatively low across all groups (apart from female employees in China, which I speculate is driven by the high power distance cultural context).

**Limitations and suggestions for future research**

As with all research, this study is not free from limitations, and these must be given due note. First, I have focused on employees’ sentiments in the analysis of the interview data, and there are potentially other ways of approaching and analyzing the data that I have not considered. I did not examine, for example, whether female employees in foreign units, on average, receive less money, benefits, or development opportunities compared to their male counterparts in those units, or female employees in home-country units; future research should look into these in relation to different intersectional groups in MNCs. Further, as the data is collected from only one point in time, the sentiments may reflect other recent positive or negative experiences unrelated to the performance appraisal (although, as discussed before, such exogenous factors should not produce the strong intersectionality that was found). Nevertheless, interviewing the
same employees at different time points in order to assess consistency of sentiments over time could extend this research. Longitudinal analysis juxtaposing overall sentiments with levels of career progression would be an interesting future research avenue. I also cannot exclude researcher bias from the interpretation of interviewees’ statements regarding the performance appraisal. The data was coded to the best of my understanding of the meaning of each interviewee’s statements, but those meanings and codes may differ from the interviewee’s intended meanings.

Lastly, this research was conducted in eight subsidiaries of four Nordic MNCs. Whilst I believe the findings are indicative of intersectional differences in employees’ experiences of the performance appraisal, I do not suggest the patterns found here are readily generalizable to other contexts and companies. The patterns in employees’ experiences may be different in another set of MNCs, in subsidiaries in other countries and contexts, and in non-Nordic settings. For example, it is possible that the home versus foreign unit distinction that was found has less to do with foreignness than egalitarian values of Scandinavian national cultures. More research is needed in these areas in order to confirm patterns that have emerged in this study. Finally, and importantly, whilst the findings suggest a strong intersectionality effect, this does not fully answer the question of why. The content analysis findings that female employees in foreign subsidiaries associate their negative statements with outcome- and personal meaning related aspects of the performance appraisal indicates that they may have had more negative experiences with regard to these than other employee groups, but one cannot be sure of causality. In connection to this point, the different patterns in employees’ experiences suggest that there may be institutional pressures that result in differences in the way that the performance appraisal is implemented and enacted in each of the foreign contexts (DiMaggio & Powell, 1991; Ferner, Almond, & Colling, 2005). However, this issue was not explored in this study and more research from different empirical contexts and using different methods is needed to verify and explain this phenomenon.

**Implications**

This study points to the benefits of adopting an intersectional perspective on employees’ organizational experiences. The dynamics of diversity are both different and potentially more complicated in an international context where employees are separated by both demographic diversity and structurally-driven faultlines inherent in MNCs than in purely domestic contexts. This has at least two implications for theory and practice. First, there is a pressing need for more research on the effects of different intersections: in order to address diversity, we first need to understand which employee intersections experience disadvantage in a particular context, and why.

Second, we may need to think about, and address, diversity and inclusion in a different way in multinational organizations than domestic ones. Most notable, the one-size-fits all diversity policies, that have also been criticized elsewhere (Nishii & Özbilgin, 2007), may not be appropriate in multinational organizations. This study found the differences between different intersections to be both of degree (female employees in foreign subsidiaries expressed more negative statements than male employees in foreign subsidiaries and female employees in home-country units) and kind (they were associated with different aspects), and this is important for organizational policy makers. In order to increase inclusion in the workplace, we need to address both of these dimensions. Firms would do well if they first seek to understand the particular intersections that drive differences in employees’ experiences in their organization, and why, and then design policies and practices to address these.
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# Appendix A to Essay 1. Sentiment analysis categories and subcategories*

## 1. Dissatisfaction with rewards and outcomes

<table>
<thead>
<tr>
<th>Subcategory</th>
<th>Illustrative quote</th>
</tr>
</thead>
<tbody>
<tr>
<td>No link between effort/performance appraisal and outcomes/rewards</td>
<td>“why isn’t it seen in my salary if I’m that darn good?” (Male, Finland)</td>
</tr>
<tr>
<td>Pay or bonus is too low.</td>
<td>“The salary here is not very high. Even if you did a good job, the bonus here is still not very high, compared to others.” (Female, China)</td>
</tr>
<tr>
<td>No development opportunities.</td>
<td>“[My manager] leaves me no chance to develop myself or my position.” (Female, China)</td>
</tr>
</tbody>
</table>

## 2. Perceived lack of value of the performance appraisals

<table>
<thead>
<tr>
<th>Subcategory</th>
<th>Illustrative quote</th>
</tr>
</thead>
<tbody>
<tr>
<td>The performance appraisal is a chore</td>
<td>“Very often it seems it’s more... something that must be done but that you don’t really want to” (Female, Europe)</td>
</tr>
<tr>
<td>The performance appraisal does not motivate</td>
<td>“After the incentive release, people don’t feel big inspirational motivation after it.” (Female, China)</td>
</tr>
<tr>
<td>The performance appraisal does not help to perform job</td>
<td>“I haven’t seen the effect yet, such as it helps me perform in my job.” (Female, China)</td>
</tr>
</tbody>
</table>

## 3. Problems with the design of the performance appraisal tool

<table>
<thead>
<tr>
<th>Subcategory</th>
<th>Illustrative quote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inadequate performance measures</td>
<td>“I do more research job, I have to do the research, it’s very hard to measure in numbers.” (Male, Finland)</td>
</tr>
<tr>
<td>Incentives structure</td>
<td>“I are on the kind of critical moment as there was announcement in December that the short-term incentives will not be any more individual... and especially for Chinese, they are very sensitive to that.” (Male, China)</td>
</tr>
<tr>
<td>Timing issues</td>
<td>“When I have not had my target, how can I give the target to my people? The problem is that I don’t do this in order.” (Male, China)</td>
</tr>
</tbody>
</table>

---

*Illustrative quotes are from the survey conducted in the study. The table presents the sentiment analysis categories and subcategories identified in the study, along with illustrative quotes from participants in different countries to illustrate the issues raised.
4. Problems with the transfer and implementation of the performance appraisal tool

<table>
<thead>
<tr>
<th>Subcategory</th>
<th>Illustrative quote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Problems with fit across people/function/culture</td>
<td>“I think for most Chinese they don’t understand quite well about the performance appraisal... they try to discuss with each other and try to understand the performance appraisal... but they can’t understand correctly” (Male, China)</td>
</tr>
<tr>
<td>Lack of follow up to the performance appraisal</td>
<td>“So if I need training... this is not really followed up, it’s basically left to you to ask for the training again... if you ask once, ok, if you ask twice, you get annoyed.” (Female, Europe)</td>
</tr>
<tr>
<td>Lack of influence on performance appraisal</td>
<td>“All of the decisions on the target setting or something on such high level, everybody at least my self and my colleagues feel that I have low influence, I have no rights to give any wording.” (Male, China)</td>
</tr>
</tbody>
</table>

5. Supervisory issues and lack of support

<table>
<thead>
<tr>
<th>Subcategory</th>
<th>Illustrative quote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of managerial flexibility</td>
<td>“I’m quite limited of that. No positions available, no trainings available... And that's why I'm, the outcome, what the hell can I provide?” (Male, Finland)</td>
</tr>
<tr>
<td>Lack of managerial competence</td>
<td>“Employees don’t get the feedback to do better.” (Female, Finland)</td>
</tr>
<tr>
<td>Lack of supervisory support</td>
<td>“I know if I raise this question to our manager, for example, he will not help you to solve this problem. He will say 'oh, you can do it yourself'.” (Female, China)</td>
</tr>
</tbody>
</table>

*Some negative statements which were not associated with any particular aspect of the performance appraisal, were unfocused, or did not fit into any other categories and were very few in number and spread across units were labeled as miscellaneous, and later omitted from the analysis for the sake of simplicity and clarity of analysis.*
WHAT GETS HR NOTICED? EMPLOYEE PERCEPTIONS OF HR ACTORS IN PERFORMANCE APPRAISAL

Sofia John
Unpublished essay

ABSTRACT
This study looks at factors that affect the attention that HR actors receive from important organizational stakeholders, namely managers and professionals, in the context of the performance appraisal. Drawing from the attention based view and issue-selling perspective, I analyze qualitative interview data with 94 respondents in 14 subsidiaries of seven Nordic multinationals. I find a dynamic interplay between factors pertaining to the individual's context, to the HR actor, and the organizational context that influence the attention HR actors receive. Overall, HR actors receive little attention, but the HR actors that received the most attention communicated the value of the performance appraisal and went beyond a purely administrative role in the performance appraisal. Organizational and individual contextual factors facilitate or constrain HR actors’ behaviors and provide points of references that influence managers’ and professionals’ attention to HR actors.

INTRODUCTION
Although a number of different research streams emphasize the importance of people as a key organizational resource (e.g. Barney, 1991 and the resource-based view), it is surprising that the people in the HR function – who are primarily responsible for this key organizational resource – have received relatively little research attention. The HR function and the people who work within it (I use the term “HR actors” from here on to encompass both) often find themselves in a paradoxical situation. On the one hand, they are considered to be in a central position to unleash a firm’s key source of competitive advantage and build organizational value. On the other hand, they are often regarded as a support function, and lack formal authority and power. Furthermore, cost pressures and technological developments have resulted in many of HR actors' traditional tasks being outsourced or performed by line managers, undermining their role and status within organizations (Caldwell, 2003; Legge, 1978; Ulrich, Younger, Brockbank, and Ulrich, 2013).

The pressure and search for occupational legitimacy have led to a growing body of research devoted to “proving” the link between HRM practices and organizational performance through theoretical models and empirical studies (Boselie, Dietz, and Boon, 2005; Bowen and Ostroff, 2004; Paauwe, 2009; Ulrich 1997). This research has tended to take a macro-level perspective on the relationship between HRM and organizational outcomes with little attention on the individuals involved. Yet it is the actions and agency of HR actors, and their interactions with stakeholders that determine how and with what consequences HRM practices are created and implemented. There is very little in this literature that addresses the micro-foundational drivers of this organizational-level phenomenon, despite the calls by some for more research.
on the role of individual action and interaction as the building blocks of organizational phenomena (Felin and Foss, 2005; Felin and Hesterley, 2007).

HR actors often find themselves in a position where they need to prove their value to other organizational actors (Caldwell, 2003; Truss, Gratton, Hope-Hailey, Stiles, and Zaleska, 2002). There are a number of prescriptive articles on how HR actors should make an impact on organizational performance (e.g. Guest and King, 2004; Legge, 1978; Ulrich, 1997; Ulrich, Younger, and Brockbank, 2008), but little of this research has addressed how HR actors interact with other employee groups to achieve their objectives. The construction and configuration of HRM systems is achieved through the actions of HR actors and a number of other organizational actors, including line managers, employees, and executive managers. Much of the theoretical work around HRM implicitly assumes that all actors have the same HRM objectives as the HR actors, and ignore that different employee groups may have different priorities and expectations with regards to the HRM system (Rupidara and McGraw, 2011; Wright, McMahan, Snell, and Gerhart, 2001). Although some research has been conducted on HR actors’ influence in the organizational setting (Ferris and Judge, 1991; Galang and Ferris, 1997; Guest and King, 2004), one element that has been overlooked is gaining attention. The very first step in HR actors’ interactions with other employee groups is gaining their attention. This is an important area of inquiry because attention is a necessary precursor to influence and is considered to be a scarce organizational resource. Various actors within the organizational context compete for the attention of other organizational actors in order to attain their interests and goals (Dutton, Ashford, O’Neill, and Lawrence, 2001; Enns and McFarlin, 2003). HR actors need the attention of other organizational actors to influence their behaviors with regards to constructing, implementing, and maintaining the HRM system (Enns and McFarlin, 2003; Rupidara and McGraw, 2011).

The objective of this paper is to uncover factors that influence whether and how HR actors get noticed by key stakeholders, namely managers and professionals, in the context of the performance appraisal. The performance appraisal stands out as one of the most central HRM bundles of practices in most organizations. It covers a variety of activities through which organizations seek to assess and develop their employees, boost performance, and distribute rewards (Kuvaas, 2006). As perhaps the most important HRM bundle of practices that affects all employees, the performance appraisal offers a unique and suitable context in which to study the interactions between HR actors and other (non-HR) managers and professionals.

Based on qualitative interview data with 65 managers and professionals and 27 HR actors and senior general managers in 14 units of seven Nordic multinationals (MNCs), I use comparative content analysis to examine managers’ and professionals’ attention to HR actors. These are compared with interviews with HR actors and the most senior general managers (GM) in each unit. Through the analysis, I detect patterns that are potential drivers of managers’ and professionals’ attention to HR actors.

This study makes a contribution to research on HR actors by applying an attention perspective to the HR context. It does so by combining different perspectives on attention and shows how the attention HR actors get is a complex interplay between HR actors’ agency and structural facilitators and constraints. This study also contributes to a wider discussion on the micro-level foundations of organizational phenomena (Felin and Foss, 2005; Felin and Hesterley, 2007). In what follows, I first discuss background research on attention in the organizational context, and research on HR actors in connection to their stakeholders. Then I explain the data collection and analysis process through which I categorize HR actors in the sample and detect patterns that relate to the level and quality of attention attained by these HR actors. This is then followed by a discussion of my findings and I conclude with a short discussion of the implications of my findings and avenues for future research.
THEORETICAL BACKGROUND

Attention

Attention was introduced several decades ago as a new perspective on organizational behavior, departing from the traditional economists’ theories of rational choice (Ocasio, 1997). This view highlighted the limits of human rationality and provided an alternative theory to explain how firms make decisions. It postulates that organizational actions are constrained by the limits of human rationality and are a result of what organizational decision-makers pay (their limited) attention to (Ocasio, 1997). Research on attention in the organizational context has grown over the past two decades in the fields of cognitive science, neuroscience, organizational psychology and behavioral theory (Ocasio, 2011). The variety of fields in which this research has developed has led to various conceptualizations of attention. Broadly speaking, attention refers to the set of elements that occupy the consciousness of an individual (Fiske and Taylor, 1991). It has also been defined as the “noticing, encoding, interpreting and focusing of time and effort” on specific issues (Ocasio, 1997: 189). By nature, attention is limited and selective in its focus and is therefore considered to be a scarce resource in the organizational context (Hansen and Haas, 2001).

At the core of the attention-based view of the firm is the notion that the issues individuals focus their attention on determines their decisions and actions (Ocasio, 1997). Given the limitations of human attentional capacity, organizations can be viewed as contested political spaces where actors both seek and provide attention. Indeed, research has shown that positive attention towards a particular organizational group has been associated with a number of benefits, including more autonomy, power, influence and better performance (Ambos and Birkinshaw, 2010; Bouquet and Birkinshaw, 2008).

Perspectives on attention in organizations

Attention has been studied at different levels of analysis: both at the individual level and at the collective level, i.e. groups of actors, such as the headquarters or an industry (Bouquet and Birkinshaw, 2008; Mäkelä, Björkman, Ehrnrooth, Smale, and Sumelius, 2013; Hoffman and Ocasio, 2001). The attention-based view (ABV) is perhaps one of the most common frameworks employed in organizational attention research. The way in which Ocasio (1997) conceptualizes ABV incorporates different levels into the theoretical framework. The framework consists of three inter-related principles. First, at the level of individual cognition, individuals focus their limited attention on particular issues. Second, what individuals focus on depends on the situation, or context, in which they are. Third, the situation in which individuals find themselves is shaped by organizational-level factors such as firm rules, resources and patterns of social relationships. This theory views organizations as “systems of structurally distributed attention”. According to this view, the attention and cognition of individuals cannot be predicted by the individual’s characteristics alone, but is shaped by the organizational context and situation in which the individual finds him- or herself. Organizational behavior, from this perspective, is a combination of cognitive and structural processes (Ocasio, 1997).

The issue-selling perspective is another commonly used perspective when examining attention in the organizational context. This perspective has been mostly used in the strategic management literature, focusing on middle managers and other actors attempting to gain the attention of senior managers because senior managers’ attention is necessary for driving particular initiatives. Dutton and Ashford (1993) develop a framework in which they conceptualize the strategies that actors use when “selling” their issues to senior managers. Among these, the most prominent are the way issues are packaged and presented, and the way in which they are bundled with other issues in order to carry more weight. The issue-selling
perspective differs to the ABV perspective in that it focuses on the actors who compete for attention and the strategies they use. The ABV perspective, in contrast, focuses on what determines where attention is given.

**HR actors and stakeholders**

HR actors belong to one of several management functions that compete for attention within organizations. Their stakeholders include line managers, top managers, employees, and trade unions (Paauwe, 2009). These stakeholders rely on HR actors for a number of different services, such as organizing training programs, the appraisal process, and HR advice. HR actors, conversely, rely on their stakeholders as they shape HR actors’ decision-making processes and power (Legge, 1978; Tsui, 1990). As a support function, the nature of it is such that in order to make an impact on business outcomes, it needs to be able to influence the actors it serves. Importantly, past research has demonstrated that what employees focus their attention on in HRM-related matters, affects other HRM-related and organizational outcomes (Gardner, Dunham, Cummings and Pierce, 1987; Siegal and McDonald, 1995). In this vein, developing our understanding of employees’ attention to HR actors is important because this is likely to influence other HRM-related outcomes. However, research on HR actors from different stakeholder perspectives shows that different stakeholders have different expectations and different evaluations of HR actors regarding their effectiveness. Moreover, HR actors’ evaluations of themselves do not necessarily match the evaluations of their stakeholders (Wright et al, 2001; Mitsuhashi, Park, Wright, and Chua, 2000). This research suggests that stakeholders attend to different issues regarding HR actors and HRM processes, gaining stakeholders’ attention and making an impact on them is not a straight-forward matter for HR actors. Therefore, and as past research has indicated, HR actors may need to resort to different behaviors than other functions to gain attention and influence (Enns and McFarlin, 2003).

Although research has progressed on attention in the organizational context, this lens has thus far not been applied in the HR context. Most of the literature on the issue-selling perspective concerns upward influence, for example in terms of middle managers seeking the attention of top managers (Dutton et al., 2001), or subsidiary units seeking the attention of headquarters (Bouquet and Birkinshaw, 2008). Given the nature of the HRM system, HR actors also need to engage in “horizontal” influence, i.e. influencing their peers. I take a multi-perspective approach to consider the level and quality of attention that other employee groups pay to HR actors. I applying both the ABV and issue-selling perspective to identify specific contextual and actor-related factors that drive (non-HR) managers’ and professionals’ attention to HR actors.

**METHODOLOGY**

**Data collection**

The data for this study were collected as part of a large-scale research project on global HRM in multinational companies (MNC), conducted by a research team of nine people from different educational institutions in Finland. The overall objective of the project was to examine how key HRM practices are implemented and perceived by different organizational actors. We conducted semi-structured interviews in 14 units of seven Nordic MNCs, located in six different countries. In each unit, we interviewed the main person responsible for HR matters, the most senior general manager (GM), and a selection of managers and professionals. These managers and professionals were one or two hierarchical levels below the most senior general manager (GM). By ‘managers’, we refer to individuals who have at least one subordinate. ‘Professionals’ indicates individuals in positions without direct subordinates.
The objective of these interviews was to examine how the main subsidiary HR actor, senior general manager, and a selection of managers and professionals perceived features of the performance appraisal system. From a previous stage in the research project, we could ascertain that the performance appraisal system was the most central bundle of HRM practices for each of these organizations.

Table 1: Sample summary

<table>
<thead>
<tr>
<th>MNC</th>
<th>MNC home country</th>
<th>Subsidiary</th>
<th>Country</th>
<th>HR actor/ GM</th>
<th>Managers/ professionals</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>MNC A</td>
<td>Norway</td>
<td>Unit A1</td>
<td>UAE</td>
<td>2</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unit A2</td>
<td>UK</td>
<td>1 2</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>MNC B</td>
<td>Finland</td>
<td>Unit B1</td>
<td>Denmark</td>
<td>2</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unit B2</td>
<td>Finland</td>
<td>2</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>MNC C</td>
<td>Finland</td>
<td>Unit C1</td>
<td>China</td>
<td>2</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unit C2</td>
<td>Finland</td>
<td>2</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>MNC D</td>
<td>Finland</td>
<td>Unit D1</td>
<td>China</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unit D2</td>
<td>Germany</td>
<td>2</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>MNC E</td>
<td>Finland</td>
<td>Unit E1</td>
<td>China</td>
<td>2</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unit E2</td>
<td>Finland</td>
<td>2</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unit E3</td>
<td>Germany</td>
<td>2</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>MNC F</td>
<td>Norway</td>
<td>Unit F1</td>
<td>China</td>
<td>2</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unit F2</td>
<td>UK</td>
<td>2</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>MNC G</td>
<td>Norway</td>
<td>Unit G1</td>
<td>Finland</td>
<td>2</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>14</strong></td>
<td><strong>6</strong></td>
<td><strong>27</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>67</strong></td>
<td></td>
<td><strong>94</strong></td>
</tr>
</tbody>
</table>

We conducted a total of 96 interviews, but two were excluded as these interviewees reported directly to a HR actor. Table 1 shows an overview of the 94 interviews used for this analysis. The seven MNCs are large manufacturing firms with global operations, and headquartered in one of the Nordic countries. Two are in the shipping industry, two in the chemical industry, one in food and catering, one in the telecommunications industry, and one in the heavy machinery business. The size of the units in which we conducted interviews varied from 30 to over 4000 employees. All interviews were conducted face-to-face by six members of the research team between November 2010 and March 2011. The interview guide was developed together over multiple meetings. The interviews were conducted mostly in English and Finnish. English was the corporate language of each of the MNCs, but in some cases it was more natural to conduct the interview in Finnish given that the interviewee and interviewer were both native Finnish speakers. Also, in the Chinese units, a native Chinese research assistant was present in the interviews and translated when necessary. Otherwise, these interviews were conducted in English.

The interview questions focused on aspects of the performance appraisal, specifically on interviewees’ experiences of the performance appraisal process and their perceptions of key process features such as its visibility and fairness. Subsequently, interviewees were encouraged to freely discuss why they perceived these aspects of the performance appraisal the way they did, i.e. why they felt the performance appraisal was visible or fair or not. Interviewees were not initially asked directly about the HR actors; rather we have unprompted data as to whether HR actors were noticed in the context of the performance appraisal or not. Since several of the

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2 In one unit, we were unable to interview the HR actor. The one interview is with the GM.
Interviewees were non-native English speakers, we prepared a written document with these questions as an aid. This document also served to ensure a certain level of consistency across the interviews. After the initial free discussion, interviewees were handed another document with a list of items based on previous research that may or may not have influenced their answers. The list included the HR manager as well as a number of other factors. This list allowed interviewees to reflect on other potential influences, including HR actors, and prompted further discussion. All interviews were recorded and transcribed verbatim.

Data Analysis

Analyzing this data set can be described as an iterative set of processes (Bryman, 2015). It involved reading and re-reading interview transcripts and developing increasingly refined coding categories. Initial readings served to develop an understanding of the data and context, and subsequent readings involved constantly moving back and forth between the data and the emerging codes and categories. Although I describe each phase of the analysis process separately, it should be noted that the iterative nature of the analytic processes meant that, in practical terms, these different phases overlapped (Alvesson and Kärreman, 2007; Barley, Meyerson and Grodal, 2011).

Phase 1: Coding: In order to analyze interviewees’ attention towards HR actors, I started by extracting all instances where each manager or professional mentioned HR actors. In some cases, the references were clearly to the HR manager, in some cases to the HR function, and in some cases it was unclear which entity was implied (i.e. “HR did X”). Hence, I refer to ‘HR actors’ to encompass both. If the interviewee mentioned HR actors prior to being shown the list of items that might have influenced their answers, I coded this as an unprompted mention. If they referred to HR actors after seeing the list, or after being asked directly by the interviewer, these mentions were coded as prompted mentions. Further, not all mentions were positive. There were clear differences also in the manner in which interviewees talked about the HR actors. Some extracts expressed positive sentiments towards HR actors, whilst others expressed negative sentiments. After coding each mention of HR actors as either prompted or unprompted, I next coded each of these mentions as positive, neutral, or negative. Positive mentions were statements in which interviewees expressed a positive sentiment regarding HR actors, such as a HR actor being “helpful” or doing something well. Negative mentions were statements expressing negative sentiments, such as HR actors being “incompetent”, “slow”, or “bureaucratic”. Neutral statements were statements in which no clear positive or negative sentiment was expressed. Usually these entailed interviewees expressing factually something that HR actors have done, such as distributing appraisal forms or sending reminders. For example: “The HRs came around and sent us e-mails and said okay, you need to start working on the [the performance appraisal]” (manager, unit C1).

Another observation from this coding stage was that there was variance in the proportion of interviewees per unit that mentioned HR actors. In some unit, HR actors were mentioned by all or most of the interviewees, whilst in other units, HR actors were mentioned by very few or none, even when prompted. This coding round revealed clear differences in the frequency with which HR actors were mentioned. In some units, HR actors had a very central role in relation to the performance appraisal system, whilst in other units HR actors hardly received a passing mention. An overview of the number of coded extracts is shown in Table 2.
### Table 2: Overview of coded extracts

<table>
<thead>
<tr>
<th>Unit</th>
<th>Country</th>
<th>No. of manager/professional interviewees</th>
<th>Interviewees who mention HR actor</th>
<th>All mentions</th>
<th>Unprompted mentions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Positive</td>
<td>Neutral</td>
</tr>
<tr>
<td>A1</td>
<td>UAE</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>A2</td>
<td>UK</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>B1</td>
<td>Denmark</td>
<td>5</td>
<td>3</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>B2</td>
<td>Finland</td>
<td>5</td>
<td>2</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>C1</td>
<td>China</td>
<td>6</td>
<td>2</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>C2</td>
<td>Finland</td>
<td>4</td>
<td>3</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>D1</td>
<td>China</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>D2</td>
<td>Germany</td>
<td>5</td>
<td>3</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>E1</td>
<td>China</td>
<td>6</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>E2</td>
<td>Finland</td>
<td>6</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>E3</td>
<td>Germany</td>
<td>6</td>
<td>1</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>F1</td>
<td>China</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>F2</td>
<td>UK</td>
<td>4</td>
<td>2</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>G1</td>
<td>Finland</td>
<td>4</td>
<td>2</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td><strong>14</strong></td>
<td><strong>6</strong></td>
<td><strong>67</strong></td>
<td><strong>23</strong></td>
<td><strong>23</strong></td>
<td><strong>68</strong></td>
</tr>
</tbody>
</table>
Phase 2: Categorizing: I categorized the units in this sample using the different metrics outlined above (number of mentions, number of positive/neutral mentions, and proportion of interviewees who mention HR actors), as well as my qualitative assessment of the nature of the statements that interviewees made about the HR actors. Not all mentions can be considered to have equal weight. In some extracts, the interviewee’s reference to HR actors is vague (“Maybe some HR colleague, or academy colleague explains to you something...”), whilst other extracts clearly show that the HR actor has caught the interviewee’s attention (“HR has been doing quite a good job to get rid of these”). Based on my assessment, I divided the HR actors into the following groups according to the level and quality of the attention they received from managers and professionals:

Most-noticed: units B1 and C2
Well-noticed: units B2, D2, F2 and G1
Less-noticed: units C1, E1, E2, and E3
Unnoticed: units A2, D1 and F1
Negatively noticed: unit A1

Two units stand out in terms of the way in which interviewees talked about HR actors: units B1 and C2. These HR actors received unprompted mentions by the highest proportion of interviewees in this sample. The HR actor in unit B1 received positive or neutral mentions by all managers and professionals interviewed without any prompting from the interviewer. The HR actor in unit C2 received unprompted positive or neutral mentions from three out of four interviewees. The HR actor in B1 also had the highest number of positive or neutral mentions overall, while the HR actor in unit C2 received the highest number of explicitly positive mentions. I labelled this group as ‘most-noticed’.

The second group consisted of four units in which the HR actor received a fair or high number of unprompted positive or neutral mentions by 50-60 per cent of interviewees. These I labelled ‘well-noticed’. The third group consisted of four units in which the HR actor was mentioned infrequently and by a low proportion of employees (a third or less), which I labelled ‘less-noticed’. The fourth group consisted of three units in which HR actors received no unprompted positive or neutral mentions. In these three units, the HR actors were mentioned very rarely or never, even when prompted, and hence I labelled this group ‘unnoticed’. The final group consisted of only one unit which differed from the other units in this sample. In this case, the HR actor received a fair number of unprompted and prompted mentions, but these were all negative. Therefore, I labelled this unit as ‘negatively noticed’.

Phase 3: Drivers of HR attention: Having grouped the units into different categories, I was interested in finding out why some HR actors receive more attention than others, and why some were perceived more positively than others. Therefore, taking an inductive approach, I returned to the managers’ and professionals’ extracts I had coded above and carried out deeper content analysis. I compared interviewees’ extracts with the interviews conducted with the principle HR actor and the GM to see if they showed differences in contexts and in what HR actors do differently that lead to the variance in HR actor attention. This phase involved constantly comparing the extracts within and between the groups formed in the previous phase, and searching for patterns of similarity and difference (Gibbs, 2008; Miles and
Huberman, 1994). I looked at the contexts in which managers and professionals mentioned HR actors, the different HR roles which were mentioned by managers and professionals, as well as the HR roles the HR actors themselves talked about (Ulrich and Brockbank, 2005). I used MAXQDA to aid the coding and analysis process. Common themes emerged when comparing similarities and differences within and between the groups which I expand on next.

**DRIVERS OF HR ACTOR ATTENTION**

The objective of this study was to find out what factors influence the attention that managers and professionals pay to HR actors. I discuss the common themes in this section, but start by noting that it appears that HR actors generally do not receive much attention. The most-noticed HR actor received a total of seven unprompted mentions that were positive or neutral across five interviews. When including prompted mentions, the highest number of mentions that any HR actor received was 18. Most of the mentions were passing references to a HR actor distributing performance appraisal forms or engaging in other administrative tasks. Reasons for this may be the trend in recent years to devolve HR responsibilities to line managers (Guest and Bos-Nehles, 2013), and given that the performance appraisal usually takes place between an individual and his or her line manager, it may be that HR actors play a more background role. However, it is usually the responsibility of HR actors to ensure that the process is conducted, that it operates as it should, and links to overall organizational objectives. There was clear variation in the attention that managers and professionals paid to HR actors in different units and the role that the HR actors had in relation to the performance appraisal system. I have organized the findings into three sets of factors that have a positive or negative impact on employees’ attention towards HR actors: individual context, HR actor-related factors, and the organizational context.

**Individual context**

Comparing interviewees’ mentions of HR actors with the distribution of managers (with subordinates) to professionals (no subordinates), the individual’s **position** was clearly a relevant factor in influencing interviewees’ attention to HR actors. Roughly a third (22 interviewees) of our sample was comprised of professionals without direct subordinates. These interviewees made a total of eight unprompted mentions of HR actors, whilst the remaining 45 managers (excluding GM) made a total of 45 unprompted mentions. Therefore, on average, managers with subordinates paid more than twice as much attention to HR actors without prompting than their non-managerial counterparts. Further, the 22 professionals in our sample made a total of 13 negative statements (including prompted mentions) regarding HR actors, whilst the 45 managers made a total of 15 negative statements (including prompted mentions). Proportionately, therefore, the professionals in our sample were almost twice as likely to express dissatisfaction with HR actors than managers. I illustrate this in the following diagram:
One explanation why managerial employees notice HR actors more than their non-managerial colleagues is because managers have more contact with HR actors. HR actors interact with managers because they are involved in coordinating and training managers to conduct the performance appraisal with their subordinates. The HR actor in unit G1, for example, is highly involved in supporting line managers’ work and provides performance appraisal training for managers, but no appraisal training is provided for those without subordinates. In this unit, the HR actor receives more attention of a positive nature from the interviewees with subordinates versus those without. When prompted about the HR manager, the two non-managerial professionals interviewed made the following comments:

“For me, I haven’t really heard anything [from HR].” (professional #1, G1)

“No, no they [HR actors] are not seen.” (professional #2, G1)

HR actors, therefore, are more visible to individuals who have managerial duties. However, this does not necessarily explain why the professionals in this sample were more likely give a negative account of HR actors. Closer examination of the negative statements revealed that the individual’s position may be linked to his or her HRM experiences. Specifically, HRM-related frustrations or disappointments were in a number of cases attributed to HR actors. For example, professionals in units D2 and A2 was dissatisfied with the development and promotion possibilities:

“And also a question if I want to improve or if I’m willing to go abroad and work abroad, and I always say yes. And, but there was never any offer that I can really go. So no one really cared about it, but I think that’s not only the fault of the, of my supervisor, but also of the human resource management.” (professional, D2)

“These sort of things should be decided by the high level managers or HR that there should be some rewards or career opportunities even for the admin people.” (professional, A2)
In unit C1, one professional expresses dissatisfaction with HR actors because of changes to her job description over which she had no control and describes HR actors as unhelpful: “I discussed this with HR people. They said that it’s your own problem.” These quotes suggest that professionals are in positions with limited career development possibilities and relatively little autonomy. From their perspective, HR actors do not cater for their needs and aspirations.

In contrast to the professionals, the critical comments made by managers in reference to HR actors related more to technical or practical features of the performance appraisal and its execution. For example, that the performance appraisal takes too long (manager in E1), or it is done in a rush (manager in D2), or the targets in the performance appraisal are not well-thought through (manager in C1), or that HR actors should have a stronger role (manager in B2). Thus, the negative attention that professionals express towards HR actors relates to their wider career picture, whilst managers’ negative attention relates more closely to how the performance appraisal is conducted.

Figure 2 below illustrates and summarizes how the individual context shapes managers’ and professionals’ attention to HR actors:

![Figure 2: Individual context and attention to HR actors](image)

**HR actors**

HR actors themselves played an important role in the attention they receive from managers and professionals. I detected patterns of similarities and differences in HR actors’ behaviors between the different units. A striking factor that the two most-noticed HR actors had in common was communicating the value of the performance appraisal. Based on these interviews, none of the other HR actors were found to communicate so explicitly a link between performance appraisal and employee satisfaction (i.e. those employees who have had their performance appraisal are more satisfied than those who had not). In both these units, the performance appraisal process is well accepted and positively perceived. Managers and professionals in both units expressed positive regard for the performance appraisal:

“It [the performance appraisal] is generally highly regarded and liked... I had one employee on maternity leave who signed up and asked if she can also come [participate in the performance appraisal].”
(translated from Finnish, manager, C2)

“It’s very different how people take it, but everybody looks forward to it [the performance appraisal]”
(manager, B1)

This shows that HR managers are able to shape the perceptions of other employee groups with regards to the HRM practices through their behaviors (Galang and Ferris, 1997). The positive acceptance of the performance appraisal by unit employees is a sign that these HR actors have “sold” the performance appraisal well. Interviewees in the less-noticed, unnoticed, and negatively noticed categories tended to be less satisfied with the performance appraisal. There were few explicitly positive statements about the performance appraisal, and the HR actor was in a number of cases associated with a lack of value attached to the performance appraisal. In some units, the performance appraisal was seen as a meaningless exercise, which indicates
that HR actors in these units have not been successful in communicating its value to employees:

“They [HR] don’t measure anything about the content. They just want it to be completed.” (manager, C1)

HR actors’ behaviors in communicating the value of the performance appraisal appear to be linked to HR actors’ behaviors in a wider sense. Namely, the **HR roles** that these actors took was different to the roles that most other HR actors took. Across the units, most extracts in which managers and professionals mentioned HR actors were in connection to administrative tasks relating to the performance appraisal, such as distributing the appraisal forms, sending reminders, and chasing up appraisals. However, the HR actors in the most-noticed and well-noticed groups were also seen fulfilling other, less administrative tasks. Particular behaviors that were mentioned were advising (B1), training managers (C2 and G1), leadership development (B2), arbitrating (D2), and supporting (F2). The two most-noticed HR actors stand out in that both have been involved in proactively shaping and improving the performance appraisal. The HR actor in unit B1 developed a performance appraisal form specifically for lower-level (kitchen) staff which did not exist in other units of the same MNC at the time of the interview. The HR actor in C2 talks about how she is personally available for on-hand help with completing the performance appraisal and has taken action to improve the performance appraisal experience for employees in that unit. This is something that she gets attention for and is appreciated for by the managers and professionals interviewed in that unit. Therefore, through their involvement and proactivity, HR actors can have a direct impact on employees’ experiences of HRM practices, as illustrated in Figure 3 below:

![Figure 3: HR actors’ influence on attention](image)

The only other HR actor that appeared to be proactive to a similar degree was the HR actor in unit G1, where she also talked about how she works closely with line managers and is “on call” for help during the appraisal period. These actions cut across the HR roles set out by Ulrich and his colleagues (Ulrich, 1997; Ulrich and Brockbank, 2005) and go beyond the traditional “administrator” role (Caldwell, 2003; Ulrich, 1997). Furthermore, these three HR actors were also involved in setting unit-level targets, which may be an indication that these HR actors fulfill a strategic partner role (Beatty and Schneier, 1997; Lawler and Mohrman, 2003). The following quote illustrates how the GM in unit B1 sees the HR actor involved in linking activities at the lower levels of the organization with the overall strategy of the unit:

“very often the HR are involved in that process to see that there is a link between what we do at the higher level and what they’re doing at [the lower level] ..., and it is somehow, supporting the overall strategy and the overall targets.” (GM, B1)
In the other units, there was less evidence of HR actors taking such a proactive role and attitude, or being involved in unit-level decisions. In fact, it is interesting to note that even a number of the HR actors in the well-noticed category (all except G1) have a somewhat low opinion of their role in the performance appraisal or see it as principally administrative:

“we [the HR actors] are a little bit behind in our HR process, how we are doing the work there. We are too slow for those processes.” (HR manager, E2)

“At the moment, it’s [my responsibilities] mainly administrative.” (HR manager, D2)

“We can say that up to now, my role has not been very visible in relations to this [performance appraisal] process.” (translated from Finnish, HR manager, B2)

In our sample, there were only three units in which HR actors clearly went beyond an administrative role and fulfilled what might be considered a strategic partner role (Ulrich and Brockbank, 2005). This implies that after several decades since HR actors have been exhorted to take on a more strategic role, they still appear to struggle to do so in practice (Guest and King, 2004; Truss et al., 2002). My analysis indicates that even though HR actors gain (positive) attention through fulfilling administrative duties (Buyens and De Vos, 2001), those HR actors that go beyond administrative tasks and fulfill different HR roles receive more attention and are more positively regarded.

Organizational context

There are a number of reasons why HR actors may or may not be able to take on a strategic role. These may relate to the HR actor’s mindset or to factors in the organizational environment, including the actions and mindsets of other organizational actors (Truss et al., 2002; Sheehan, De Cieri, Greenwood, and Van Buren, 2014). One of the most conspicuous factors in the organizational context was the GM’s opinion of the HR actor and the nature of the relationship between the GM and HR actor. Five GMs made clearly positive, affirmative statements about HR actors. Both units in the most-noticed category (B1 and C2) were included in this, as well as two of the four units (B2 and G1) in the well-noticed category, and one unit (C1) in the less-noticed group. In the two units with the most-noticed HR actors, the GM and HR actor appear to have strong and close working relationships, more so than in the other units. The GMs in both these units have a very high opinion of the HR actor and made strong affirmative statements, such as:

“I would say that our HR-manager is absolutely one of the key drivers in that [performance appraisal] process. That's for sure.” (GM, B1)

“The HR-manager’s role and how she pulls things along, without a doubt, influences the visibility [of the performance appraisal].” (GM, C2)

Conversely, in a number of the units in the less-noticed and unnoticed categories, the GM appeared to have a negative or indifferent attitude towards the HR actor, which seems to contribute to a lack of attention towards the HR actor among other managers and professionals. For example:

“HR manager doesn’t really have anything to do with us on that [performance appraisal]” (GM, A2)

“HR nowadays is b******t like hell.” (GM, E3)

Although my interest in this study was primarily on the “horizontal” attention that HR actors get from their peers, the importance of HR actors’ “vertical” influence and attention cannot be escaped. The GM quotes regarding the most noticed HR actors indicate that these HR actors have demonstrated competence in their HRM-related activities and the GM perceives the HR
actors to have a central role in the performance appraisal (Guest and King, 2004). The GM’s opinion of HR actors may have a two-fold influence on other employee groups’ attention to HR actors. First, senior managers’ own attention towards HR actors can draw the attention of other employee groups towards HR actors. Senior managers’ positive attention toward HR actors sends positive signals to other social actors (Salancik and Pfeffer, 1978). Second, senior managers play an important role in legitimating HRM systems and HR actors (Bowen and Ostroff, 2004; John and Björkman, 2015; Stanton, Young, Bartum and Leggat, 2010) and influence the status and authority that HR actors have. By delegating responsibility and decision-making power, GMs determine what activities and roles HR actors can fulfill (Brandl and Pohler, 2010; Guest and King, 2004; Truss et al., 2002). In unit B1, for instance, interviewees often mentioned the GM and HR actor together, which suggests that they may perceive the HR actor to have a similar level of authority and influence as the GM. The units in which HR actors work closely together with the GM are involved in (re-)designing the performance appraisal and setting unit goals. These HR actors clearly hold positions of leadership, which allows them more freedom in the HR roles they engage in and makes them more visible to other employee groups. The GM’s role in accrediting power and status to HR actors is likely to be a dynamic activity between GMs and HR actors. HR actors demonstrate their competence to GMs, which awards them with higher-level responsibilities (Guest and King, 2004; Mäkelä et al., 2013). This is illustrated in the figure below:

Figure 4: GM influence on attention

However, there was one exception to the influence of GM’s attitudes. The GM in unit C1 makes a clearly positive statement about the HR actor, but this HR actor was categorized as less-noticed:

“I think HR people, I would say they do a fantastic job.” (GM, C1)

Following this affirmative statement, however, the GM goes on to list the administrative tasks that the HR actor does well. HR actors may gain status and authority through the GM, but not in all cases. Unit C1 is located in China, and there is a clear divide in the geographical distribution of the units and the attention that HR actors receive. This suggests that there are also cultural issues at play. The units with the most-noticed and well-noticed HR actors are in the Nordic countries and two other Western European countries (UK and Germany). All the units that are geographically and culturally further from the MNC home-country are in the less-noticed, unnoticed, or negatively noticed categories. These units tend to have a more negative experience with the performance appraisal system, which suggests there may be problems in transferring the performance appraisal process across geographic and cultural borders (Tayeb, 1998). Some of the criticisms that were voiced in three of the Chinese units (D1, E1, and F1) concerned cultural or language problems related to the performance appraisal.
The performance appraisal forms were only available in English, while the majority of the workforce in these units had poor English skills. Another problem related to the bonus system connected to the performance appraisal, which does not fit the Chinese system. The bonuses are perceived to be too small compared to local competitors. Negative experiences with the MNC performance appraisal practices may be reflected in managers’ and professionals’ perceptions of HR actors. However, another factor that was evident in the interviews was that HR actors may not have the status and authority as HR departments in Western countries (Cooke, 2009; 2013). HR actors in culturally distant units expressed sentiments of a lack of power and authority. In two of the Chinese units (D1 and F1), both HR actors expressed how they felt they were unable to make changes to the performance appraisal process as it was not under their control. For example, the HR actor in unit F1 states that they are under the authority of the regional HR and “our role to improve our system is not very good.”

Constraints in HR actors’ power and authority, and ability to gain the attention of their peers may also have its roots in MNC-level structural differences. One case that stood out was MNC E. This organization was formed as a merger and all three units in this sample fell in the less-noticed category. The interviews with the GMs reveal that there have been changes in the structure of the HRM system, which have led to a disconnection between HR actors and other organizational actors:

“In the past, HR was an active part of the whole salary review and this appraisal, and then they suddenly disappeared for almost two years!” (GM, E3)

“HR is not so visible, I would say. Maybe it’s the style of [MNC E].” (GM, E1)

In this case, the way the HRM system is structured at the MNC level has an influence on HR actor attention because it is organized in such a fashion that there is a lack of contact between HR actors and other employee groups. These GMs were also highly critical of the HR actors in their units, but interestingly, I did not detect negative sentiments of a similar degree among the managers and professionals in these units. This implies that the GM’s attitudes do not necessarily have a direct influence on other employee groups’ perceptions. Rather, less contact with HR actors simply leads to less attention.

A final factor that I wish to discuss that produced interesting patterns in attention paid to HR actors is organizational change. Half of the units in this sample had undergone major organizational change, involving layoffs, takeovers, and mergers, whilst the other units have experienced relatively little change and have stable atmospheres. The most-noticed HR actors worked in units that have experienced relatively little organizational change, no layoffs, and appear to have a good working atmosphere. At the other end of the scale, the unit in which the HR actor received negative attention had experienced major layoffs and has a high turnover rate. Although it appears that there may be a relation between HR actor attention and organizational change, my analysis finds that the relationship is not clear-cut. In the units that had experienced organizational change, none of the negative statements with regards to HR actors were directly linked to this event. In fact, unit F2 was a takeover, and the HR actor in this unit is well-noticed. In fact, the HR actor in this unit received the second most explicitly positive statements, and some of these reveal that the HR system has improved since the takeover.

“[MNC F] certainly is more professional in its approach... I mean the process is very clear and the tools are available, there is a pool from [the HR actor]...” (Manager, F2)

This shows that organizational change can have a positive impact on HR actor attention because employees evaluate their HRM experiences in the light of their past experiences (Balogun and Johnson, 2004; Rousseau, 2001).
Cultural factors, the way the HRM system is structured, and organizational events such as change impact the level and quality of attention that managers and professionals pay to HR actors. This could occur either through their direct effect on respondents’ HRM experiences and contact with HR actors, or through the effect on HR actors’ behaviors. I summarize and illustrate the influence of the wider organizational context on managers’ and professionals’ attention to HR actors in Figure 5 below.

![Figure 5: Influence of the organizational context on attention](image)

To summarize this section, in the context of the performance appraisal, the attention HR actors receive from managers and professionals is influenced by the individuals’ context, which includes their position and HR-related experiences. HR actors also influence the attention they receive by fulfilling multiple HR roles and through communicating the value of the performance appraisal. These individual contextual factors and HR actor-related factors are also shaped by the overall organizational context. Particularly relevant in this analysis were the GM’s opinions of HR actors, cultural issues, and organizational change. The findings are summarized in Table 3 below.

**Table 3: Influences on attention to HR actors**

<table>
<thead>
<tr>
<th>Individual context</th>
<th>Positive influence on HR attention</th>
<th>Negative influence on HR attention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job role</td>
<td>Manager - i.e. having subordinates</td>
<td>No subordinates</td>
</tr>
<tr>
<td></td>
<td></td>
<td>HRM-related frustration</td>
</tr>
<tr>
<td><strong>HR actor</strong></td>
<td>HR actor communicates value of PA</td>
<td>PA seen as meaningless exercise</td>
</tr>
<tr>
<td>HR communication</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HR role fulfillment</td>
<td>HR carries out administrative tasks</td>
<td>HR actor’s role principally administrative</td>
</tr>
<tr>
<td></td>
<td>HR actor goes beyond administrator role</td>
<td></td>
</tr>
<tr>
<td></td>
<td>HR actor involved in unit-level decisions</td>
<td></td>
</tr>
<tr>
<td><strong>Organization context</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GM attitude</td>
<td>GM has positive attitude/values HR actor</td>
<td></td>
</tr>
<tr>
<td></td>
<td>GM works closely with HR actor</td>
<td>GM does not notice HR actors</td>
</tr>
<tr>
<td>Change</td>
<td>No organizational change or improvement</td>
<td></td>
</tr>
<tr>
<td>HRM structure</td>
<td></td>
<td>HR actors disconnected from other actors</td>
</tr>
<tr>
<td>Culture</td>
<td></td>
<td>Cultural distance; cultural/language issues</td>
</tr>
</tbody>
</table>
DISCUSSION AND CONCLUSIONS

Attention has been recognized as a scarce resource in the organizational context (Hansen and Haas, 2001). Different actors compete with each other to gain the attention of other organizational actors in order to achieve their own goals. In the past, HR actors in particular have struggled with issues of power and legitimacy (Caldwell, 2003; Legge, 1978), and rely heavily on the attention of other organizational actors to fulfill their support function role. Research on attention in the organizational context offers two perspectives from which attention can be analyzed. One is the actors seeking attention and the strategies they use (Dutton and Ashford, 1993), and the other is the actors providing attention and what factors influence where they focus their attention (Ocasio, 1997). This research sought to integrate both perspectives and identified factors in the individual’s context, organizational context, and HR actors’ behaviors that shape managers’ and professionals’ attention to HR actors. I also argue that none of these factors alone influences attention paid to HR actors, but rather there is a complex interplay among the factors in each domain, which has consequences on the way managers and professionals attend to HR actors. A “map” of the different influences on managers’ and professionals’ attention which summarizes the findings presented above is illustrated in the figure below:

![Figure 6: Factors that influence managers’ and professionals’ attention to HR actors](image-url)

From my analysis, it is clear that HR actors gain attention from managers and professionals through personal contact and status. Through interaction, and through holding positions of leadership within the organization, HR actors become more visible to other employee groups. Combining the ABV and issue-selling perspective, my analysis revealed that HR actors are active agents in shaping their visibility (and attention they receive) and they are subject to structural and contextual constraints (Truss et al., 2002). This was most clearly evidenced by HR actors’ level of involvement in the performance appraisal system. HR actors who actively communicate or “sell” the value of the performance appraisal, and support this with behaviors that assist and improve employees’ experiences of the performance appraisal received most attention and were most positively regarded. It was also evident that through these behaviors, HR actors shaped employees’ perceptions of the performance appraisal process. However, structural constraints impacted the level of contact between HR actors and other employee groups, and HR actors’ level of involvement in the performance appraisal process. Employees’ job role (whether they had managerial responsibilities or not), and structural factors at the MNC level regarding the way HRM is organized have a direct impact on the level of contact...
between HR actors and employees. Further, the cultural context of the subsidiary unit and the HR actors’ relationship with the GM have an impact on HR actors’ status, and hence also their role and level of involvement in the performance appraisal. With regards to their relationship with the GM, HR actors can be considered active agents as they have a degree of influence in shaping the GM’s perceptions of HR actors and the work they do (Guest and King, 2004; Mäkelä et al., 2013).

Another interesting point for discussion is that HR actors received attention for things that they do and for things that they do not do. Fulfilling administrative duties relating to the performance appraisal, supporting employees, conducting training, and being available were some of the factors that interviewees mentioned in relation to HR actors. However, HR actors were also mentioned for things that they have not done, but which employees perceive that they should. In other words, they have been mentioned in relation to employees’ experiences of inadequacies in the HRM system. The latter suggests that there is a mismatch in what employees expect of the HR actor and what HR actors are (capable of) doing. Limited career and development opportunities were attributed to HR actors, but there may be relatively little that HR actors can do about it as organizations often invest differently in different employee groups (Lepak and Snell, 2002). However, how organizations manage this is a crucial issue, as differential treatment may lead to resentment. In the cases above, the professionals who expressed dissatisfaction with their career and development opportunities appear to be aware of such opportunities for other employee groups. Comparing their own opportunities with those of their colleagues leads to dissatisfaction in their HRM-related experiences. This shows the important influence of points of reference in determining the nature of employees’ attention to HR actors. Individuals who see themselves at a disadvantage in relation to others in matters that are perceived to be within HR actors’ control, attribute these negative impressions to HR actors.

A similar dynamic is seen in other organizational factors that influenced employees’ attention to HR actors. One is cultural issues. The subsidiary units in China were perceived to have low bonuses vis-à-vis local Chinese companies. In this case, the point of reference is other Chinese businesses, and the HRM-related disadvantage is attributed to HR actors. This is further exacerbated by the position that HR actors typically have in these cultural contexts. Past research has indicated that HR actors have played a principally administrative role, lacked autonomy, and struggled to take on a more strategic role in non-Western countries (Cooke, 2009; 2013; Mitsuhashi et al., 2000; Varma and Budhwar, 2013). The other factor that emerged in this analysis is organizational events, such as change. In this case, the point of reference is the HRM system before the event. Employees compared their current experiences of the performance appraisal with their past experiences (Rousseau, 2001), and found that the HRM system had improved, which are at least to some extent reflected in their attention to HR actors. This finding indicates that points of reference may have positive as well as negative effects on the nature of managers’ and professionals’ attention towards HR actors.

Although this study identified factors that influence the attention that managers and professionals pay to HR actors, overall it appears that HR actors receive relatively little attention in the performance appraisal context. The core part of the performance appraisal usually takes place between individuals and their line managers, whilst HR actors tend to play a more administrative, background role. This leads to the question of whether it is indeed necessary or desirable for HR actors to be noticed, at least in the performance appraisal context. Effective implementation of the performance appraisal may not necessitate attention from managers and professionals. Moreover, it can be argued that it is more important that HR actors draw attention to the performance appraisal rather than to themselves. In this study, however, the attention that managers and professionals paid to HR actors indicated differences in the way that HR actors are involved in the performance appraisal across different units. In some units, HR actors have a very central role which went beyond fulfilling administrative duties. These HR actors received more (positive) attention from managers and professionals, and the performance appraisal was more positively regarded in these units. HR
actors that have managers’ and professionals’ attention are in a better position to influence their perceptions of the performance appraisal. It is important to stress that attention is not an end in itself; rather, the attention HR actors receive from other organizational actors is a resource to support the HRM system. Further, HR actors were not asked directly in this study how they seek attention from other actors, and indeed there was no indications that HR actors seek attention for the sake of it. Rather, their behaviors in relation to the performance appraisal, which are either supported or constrained by contextual factors, influences whether they are noticed or unnoticed by managers and professionals.

Implications and limitations

There are some practical implications particularly for HR actors that might be deduced from this study. This study indicates that although there are contextual factors that facilitate or constrain managers’ and professionals’ attention to HR actors, HR actors are also active agents of the attention they receive. Whilst employees’ job role appears to have an impact on the attention that they pay to HR actors, the reason behind these may be due to differences in the level of contact with HR actors and the HRM experiences between employees in different job roles. Contact and HRM experiences, however, are factors that HR actors may be able to influence to some extent through interaction, communication, and managing employees’ expectations. Additionally, this study highlighted the important role of the GM in legitimating and delegating unit-level responsibilities to HR actors. These have an impact on the status of HR actors, the behaviors that they are able to engage in, and therefore the attention they receive from other employee groups. These findings suggest that HR actors benefit from demonstrating their competence to and cultivating a strong relationship with the GM.

As with all research, this study is not without its limitations. First, I used interviewees’ mentions of HR actors as a proxy for their attention towards HR actors. Whilst this may be an indication of the attention that the individual pays to HR actors, this may not fully account for the extent to which HR actors have caught an individual’s attention. Measuring attention is a complex issue (Bouquet and Birkirnshaw, 2008; Ocasio, 2011; Robey and Taggart, 1981), and future research should consider other ways of measuring attention and triangulation between different measures. Second, this study is set in a specific context. Findings may be different in MNCs with headquarters and subsidiaries located in other countries, or from different stakeholder perspectives, or within different HRM contexts. To confirm the findings of this research, a more systematic approach with a broader sample would be needed. Third, this study only focused on factors that influenced attention paid to HR actors. An important question is what are the consequences of attention. Whilst this study suggests that the attention HR actors receive can influence the way stakeholders perceive HRM practices, more research needs to be done to confirm this relationship and answer questions such as whether more recognition result in more power and legitimacy, and what are the dynamics.
REFERENCES


IN THE EYES OF THE BEHOLDER: THE HRM CAPABILITIES OF THE HR FUNCTION AS PERCEIVED BY MANAGERS AND PROFESSIONALS

Sofia John and Ingmar Björkman


ABSTRACT

This study investigated factors influencing line managers’ and professionals’ perceptions of the HRM capabilities of the HR function. Using a sample of 913 managers and professionals in subsidiaries of 11 Nordic multinational corporations, we tested the extent to which features of the unit’s HRM system, attitudes of the unit’s general manager and characteristics of the HR manager helped explain the perceived HRM capabilities. The analysis revealed that perceived HRM practice visibility and HRM inducements (the link between individual performance and HRM-related benefits) were strong predictors of individual perceptions of the HR function’s HRM capabilities. The use of e-HRM and the most senior manager’s attitudes towards the unit’s HRM practices were also significantly related to perceived HRM capabilities.

Keywords: HRM capabilities; employee perceptions; HRM process theory

INTRODUCTION

There is growing consensus that effective management of human resources is critical to an organisation’s success (Lawler and Mohrman, 2003). Simultaneously, the HR function finds itself under increased scrutiny and pressure to demonstrate how it adds value to business (Ulrich, 1997). In order to meet the demands of its various stakeholders, the HR function needs to substantiate its HRM capabilities; that is, organisational actors should perceive that the function is successful in developing and implementing HRM practices in areas such as performance management, training and
development, and compensation and rewards that contribute to the performance of the organisation (Huselid et al., 1997; Park et al., 2004).

The devolution of responsibility for implementation of most HRM practices means that the HR function is dependent on the opinions and actions of line managers and professionals (Bowen and Ostroff, 2004; Nishii and Wright, 2008). Research on the HRM process initiated by Bowen and Ostroff (2004) has led to growing interest in employee perceptions relating to HRM (e.g. Sanders et al., 2008; Kehoe and Wright, 2013) because the way employees perceive and interpret HRM practices is causally linked to their attitudes and behaviours (Nishii and Wright, 2008). In a similar fashion, the way line managers and professionals perceive the HR function can be expected to impact their attitudes and responses to the HR function and the HRM policies, tools and processes that the HR function attempts to implement in the organisation. An HR function perceived by line managers and professionals as possessing relevant capabilities is more likely to afford their buy-in and have its initiatives positively received than a function viewed as being lacking in capabilities (Truss et al., 2002). An HR function viewed as capable is also likely to gain power and credibility and thereby be in a better position to legitimise its actions (Bouquet and Birkinshaw, 2008), influence business decisions (Truss et al., 2002) and impact organisational outcomes (Wright et al., 2001; Nishii and Wright, 2008).

The capabilities of an organisational unit can be conceptualised as its ability to develop and deploy resources to produce desired outcomes (Collis, 1994). Capabilities are typically intangible, tacit, and ambiguous, and consequently difficult to assess (Szulanski, 1996; Denrell et al., 2004). Information-processing theories suggest that given the limitations in human information processing, individuals use heuristic cues in the process of evaluation to simplify the cognitive demands it requires (Lord and Smith, 1983). Therefore, given the difficulties involved in evaluating the extent to which the HR function is doing a good job in contributing to the success (performance) of the unit, employees have to base their perceptions on the cues that they have at their disposal (cf. Fiske and Taylor, 1991) regarding how “well” the HR function is performing its tasks.

Previous explanatory research on the assessment of HRM capabilities has shed light on how structural features of the hierarchical relationships between the HR department of an organisational unit and the top manager of the same unit as well as the HR director at corporate headquarters influence how these stakeholders perceive the capabilities of the HR function (Mäkelä et al., 2013). In the present study, we examine the HR function from another perspective: that of line managers and professionals who experience and use the HRM policies and practices of their units in their daily work. The goal of our study is to shed light on factors influencing line managers’ and professionals’ perceptions of the HR function’s operational HRM capabilities, an issue that so far has received scant attention in the HRM literature. Building on HRM process theory (Bowen and Ostroff, 2004), we hypothesise that line managers and professionals form their perceptions of the HRM capabilities of the HR function by using cues related to the HRM system of the unit, the attitudes of the general manager of the unit towards the HRM practices and the professional credibility of the HR manager. The hypotheses are tested with data from a sample of 913 respondents from 105 subsidiaries in 11 Nordic multinational corporations (MNCs) with the HR function that we study being the HR department of these subsidiaries.
THEORY AND HYPOTHESES

The framework we posit for understanding managers’ and professionals’ perceptions of HRM capabilities is illustrated in Figure 1. As argued below, some of the influencing factors operate primarily at the individual level, whereas others are unit-level factors. We therefore take a multilevel approach to analysing how managers and professional perceive the HR function’s capabilities.

The HRM system

Attributing capabilities to the HR function is not necessarily driven by a conscious, effortful assessment of the HR function’s contribution to organisational performance. Information-processing theories suggest that individuals make causal assessments of phenomena to the most proximal and salient source (Feldman, 1981; Lord and Maher, 1990). As the HR function is principally responsible for the HRM system – the collection of an organisation’s HRM practices (Bowen and Ostroff, 2004) – the HRM system is a key medium through which managers and professionals experience and form opinions about the HR function’s HRM capabilities (Lord and Smith, 1983). More specifically, we posit that line managers and professionals who perceive HRM practices to be highly visible and the level of HRM inducements to be high (i.e. they perceive there to be a strong link between employee performance and HRM-related benefits) will attribute these features of the HRM system to the HR function’s HRM capabilities.5

Figure 1 Hypothesised multilevel model of predictors of perceptions of HRM capabilities

<table>
<thead>
<tr>
<th>General manager’s attitudes</th>
<th>HR manager’s experience</th>
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<tbody>
<tr>
<td>H4: General manager’s internalisation of HRM practices</td>
<td>H6a. Previous HR experience</td>
</tr>
<tr>
<td>H5a and 5b: Moderating effect of GM internalisation of HRM practices</td>
<td>H6b. Previous non-HR experience</td>
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Note: GM, general manager; HR, human resource; HRM, human resource management.

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5 Managers and professionals may also attribute their experiences of HRM practices to line managers who often play important roles in the implementation of HRM policies. Although this study focuses on the perceived HRM capabilities of the HR function, we suggest that scholars in the future also examine the perceived HRM capabilities of line managers (see also the Discussion section.)
To be noted is that individuals in the same organisational unit are likely to differ in their perceptions of HRM practice visibility and HRM inducements, in part because they may have been exposed to different HRM practices, and in part because they may have interpreted the practices differently (cf. Nishii and Wright, 2008); therefore, our two first hypotheses operate at the individual level of analysis.

To start with, managers and professionals are most likely to pick up signals from the HRM system if the organisation’s HRM practices are salient and observable. Visibility of HRM practices, therefore, affords managers and professionals the opportunity for sensemaking and making conjectures about the HR function (Bowen and Ostroff, 2004). Although a range of actors are involved in the delivery of HRM practices (Guest and Bos-Nehles, 2013), promoting HRM practices and ensuring their visibility is an activity that remains largely in the domain of the HR department as part of its functional role (Wright et al., 2001). We assume that highly visible HRM practices indicate an HR department that is active in advocating and supporting these HRM practices. Consequently, the HR function gains managers’ and professionals’ attention and signals that it is fulfilling its functional role. Previous research suggests that line managers and other employee groups appreciate the HR function particularly for how it handles the core HRM practices and that this influences their perceptions of the HR function (Han et al., 2006).

For the purpose of this study, we examine visibility of HRM practices in the context of the performance appraisal system. The performance appraisal system is a highly prevalent and perhaps the most central set of HRM practices in large organisations (Fletcher, 2001). It is usually carried out on a regular basis and is closely linked to a number of other HRM practices such as compensation and rewards, training, development and promotion (Cleveland et al., 1989). It involves multiple actors in its execution and is a prime example of an HRM practice where the HR function plays an important administrative role. While direct superiors are usually responsible for rating and giving performance feedback, the HR function is typically responsible for developing, promoting and ensuring that the performance appraisal system works appropriately. The performance appraisal system thus provides a suitable context in which to assess the relationship between perceived HRM practice visibility and how line managers and professionals perceive the HRM capabilities of the HR function. We hypothesise the following:

Hypothesis 1: Managers’ and professionals’ perception of the visibility of the performance appraisal system will be positively related to their perceptions of the HR function’s HRM capabilities.

HRM inducements communicate the organisation’s level of investment in employees. A high-commitment-oriented HRM system typically involves considerable HRM inducements, meaning that organisations commit to rewarding good performance with HRM-related outcomes such as high levels of compensation, development opportunities and career progression (Porter et al., 1998). Not only do HRM inducements signal the organisation’s level of commitment towards its employees, but a tangible link between individual performance and HRM-related outcomes also signals well-designed and implemented HRM practices that support good performance (c.f. Bowen and Ostroff, 2004). From the perspective of line managers and professionals, HRM inducements are indications of the quality of the HRM system and are stimuli that can evoke conscious or
automatic cognitive processes for the cause of the phenomenon (Lord and Maher, 1990). As the HR function is the principle actor responsible for the HRM system, we expect managers and professionals to attribute their perceptions of HRM inducements to the capabilities of the HR function. Thus, we hypothesise the following:

_Hypothesis 2: Managers’ and professionals’ perception of HRM inducements will be positively related to their perceptions of the HR function’s HRM capabilities._

Another aspect of the HRM system that we propose will influence line managers’ and professionals’ perceptions of the HR function is how HRM is delivered in the unit. As the delivery mode tends to be standardised across the whole unit, this factor operates mainly at the unit level of analysis.

Technological developments and pressures to downsize, outsource and redesign in order to remain competitive have induced changes to the delivery of HRM in recent years. The most prevalent changes are the adoption of e-HRM, often combined with the establishment of HR shared-service centres that deliver HR services more centrally. The rationale behind these changes has been to increase the strategic impact of the HR function through a reduction in time and costs associated with HR’s administrative tasks (Ulrich, 1997). Shared-service centres help avoid unnecessary duplication of activities and thereby reduce costs and improve efficiency through streamlining (Horan and Vernon, 2003). e-HRM allows employees greater freedom of access to HR services and improved administrative processes and has been found to improve efficiency and HRM service delivery (Parry and Tyson, 2011).

Although the use of e-HRM and shared-service centres are generally associated with a number of business benefits (Horan and Vernon, 2003), we predict that managers’ and professionals’ perceptions of the HR function’s capabilities will be negatively influenced by the use of e-HRM and shared-service centres for two reasons. First, increased employment of shared-service centres and e-HRM is associated with a smaller HR presence and an increasing disconnection between employees and the HR function (Thompson, 2011). The responsibility for developing HRM solutions in corporations that extensively use e-HRM and shared-service centres are mostly with the global HR organisation and actual HRM tasks are increasingly carried out by managers and professionals themselves or their direct superiors. As direct contact with the HR function abates, the HR function becomes a less salient actor in managers’ and professionals’ cognitive processes relating to the HRM system (Lord and Maher, 1990). Thus, the use of e-HRM and shared-service centres may lead managers and professionals to attribute HRM capabilities elsewhere than the HR function.

The second reason why we might expect a negative relationship is because empirical evidence of the realised outcomes of e-HRM and shared-service centre adoption is mixed at best (Fisher and Howell, 2004; Parry and Tyson, 2011). Many organisational IT system implementations fail, often through neglecting employee reactions to system features and implementation (Fisher and Howell, 2004). Studies have found that e-HRM implementation in the MNC context, even when considered a success at the global level, have given rise to a number of negative outcomes at the local level (Tate et al., 2013). Some of the consequences associated with the adoption of e-HRM and shared-service centres include less HR flexibility to meet local needs, less face-to-face contact with the HR department, and increased HRM responsibility shifted to line managers (Cooke,
2006; Tate et al., 2013). These changes can lead to feelings of alienation, loss of trust and rapport with the HR function, and poor HRM delivery due to line managers’ inferior HRM skills (Cooke, 2006). Therefore, from the perspective of managers and professionals, the use of e-HRM and shared-service centres may well have a more negative rather than positive effect on their experiences of HRM delivery, and these negative experiences in turn are expected to be reflected in managers’ and professionals’ evaluations of the HR function’s HRM capabilities. For these reasons, we hypothesise the following relationships:

Hypothesis 3a: The use of e-HRM will be negatively related to managers’ and professionals’ perceptions of the HR function’s HRM capabilities.

Hypothesis 3b: The use of HR shared-service centres will be negatively related to managers’ and professionals’ perceptions of the HR function’s HRM capabilities.

The general manager’s attitudes towards HRM practices

HRM practices are not alone in emitting messages from which managers and professionals deduce information regarding the capabilities of the HR function. Through their attitudes and behaviours, other significant social actors also send signals regarding the HR function (Salancik and Pfeffer, 1978). In the HRM process theory, Bowen and Ostroff (2004) assert that senior managers play a central role in legitimating HRM systems and the HR function, and are a key factor in shaping how employees construct their understanding of the causal relationship between HRM practices and organisational performance (cf. Fiske and Taylor, 1991). Senior managers’ attitudes towards HRM practices send signals about the value and importance of these practices as well as the legitimacy of the HR function, and influence how these practices are enacted and perceived by other managers and employees (Stanton et al., 2010).

There has been extensive research conducted on the relationship between the credibility of the source of a message and its impact on the receiver. Highly credible sources make individuals more likely to agree with the content of the message (Fragale and Heath, 2004). Within a corporate context, managers and professionals are likely to view the most senior manager in the unit as a credible source of messages regarding the capabilities of the HR function, and employees are therefore likely to be influenced by the attitudes exhibited by this manager towards the HRM practices of the unit. We suggest that senior managers’ internalisation of HRM practices will influence how managers and professionals perceive the capabilities of the HR function. Senior managers who have internalised HRM practices approve and value these practices and show commitment to them (Kostova, 1999; Kostova and Roth, 2002). From the perspective of managers and professionals, senior managers who value and are committed to the HRM practices signal the HR function’s operational HRM capabilities. In other words, the HR department, the actor principally responsible for the development and implementation of HRM practices, receives the senior manager’s stamp of approval. We therefore expect managers and professionals to attribute senior managers’ attitudes towards HRM practices to the HRM capabilities of the HR function. We thus hypothesise the following:
Hypothesis 4: The general manager’s internalisation of the unit’s HRM practices will be positively related to managers’ and professionals’ perceptions of the HR function’s HRM capabilities.

In addition, high levels of internalisation of the HRM practices on the general manager’s part is likely to strengthen the effect of other cues that managers and professionals use to assess the HR function, in particular when there is a certain degree of uncertainty concerning the validity of the cue in question. In this research, we therefore also examine the general managers’ attitudes towards HRM practices as a moderator of the relationship between line managers’ and professionals’ perceptions of the HRM system of the unit and their perceptions of the HR function’s HRM capabilities. The general managers’ attitudes towards HRM practices serve as a confirmation of the cues provided by line managers’ and professionals’ experiences of HRM practices, increasing the likelihood that they attribute their experiences of the HRM system to the activities of the HR function rather than to other entities involved in the delivery of HRM practices. We therefore hypothesise that the general manager’s internalisation of HRM practices strengthens the effect of managers’ and professionals’ perceived visibility of the performance appraisal system as well as their perceived HRM inducements on the perceived HRM capabilities of the HR function:

Hypothesis 5a: The general manager’s internalisation of the unit’s HRM practices will moderate the relationship between managers’ and professionals’ perceptions of the visibility of the performance appraisal system and their perceptions of the HR function’s HRM capabilities such that the relationship is stronger when the general manager’s internalisation of the unit’s HRM practices is high.

Hypothesis 5b: The general manager’s internalisation of the unit’s HRM practices will moderate the relationship between managers’ and professionals’ perceptions of HRM inducements and their perceptions of the HR function’s HRM capabilities such that the relationship is stronger when the general manager’s internalisation of the unit’s HRM practices is high.

The HR manager

The capabilities of an organisation unit are partly an outcome of the resources at its disposal. As the HR departments of MNC units are often small (the units in our study had an average of six persons working in HR), and especially not only managers but also professionals carrying out advanced tasks are likely to deal with the HR manager when it comes to people management issues, the HR manager might be considered the “face” of HR, and his or her influence on the whole department is likely to be highly significant. Prior research confirms that managers’ previous experience impacts overall team competence (Kor, 2003). The professional credibility of the HR manager may be used by managers and professionals in MNC units to attribute capabilities to the whole HR department. Evidence already shows that the characteristics of HR managers affect the
attitudes of general managers towards HRM practices (Björkman et al., 2011), and we might expect a similar effect for other managers and professionals.

Through relevant experiences, HR managers gain skills and tacit knowledge that influence their ability to carry out their various roles. Increased experience can be expected to result in the HR manager carrying out HR tasks with more confidence and ease, which in turn transmits to managers and professionals and affects the way they perceive the HRM capabilities of the HR function. Thus, organisational actors may use the HR manager’s experience as a signal of not only the professional competence of the manager, but also of the capabilities of the unit’s HR function as a whole. In this study, we will examine two particular types of experience: previous HR experience and operational experience outside the HR function.

HR managers’ experience within the field of HR is a key source of tacit and explicit knowledge gained through “learning by doing” (Pisano, 1994) and develops their field expertise, which includes their ability to manage employee relations and to develop, implement and sustain relevant and innovative HRM systems (Ulrich et al., 2013). Experience and acquired knowledge assists HR managers in decision-making and influencing (Murphy and Southey, 2003), and has been found to positively impact the status of the HR department (Reichel et al., 2009). Moreover, HR staff’s field expertise has been found to be a strong predictor of perceptions of HR unit effectiveness (Han et al., 2006). Therefore, we can conclude that previous experience in the field of HR is likely to help HR managers develop and execute effective HRM practices and signals to managers and professionals the level of HRM capabilities residing in the HR function.

**Hypothesis 6a:** The HR manager’s previous work experience in the field of HR will be positively related to managers’ and professionals’ perceptions of the HR function’s HRM capabilities.

The second sphere of experience that we examine is previous experience outside of the HR function. HR managers are often criticised for their lack of understanding of business and for their inability to adequately link HRM strategies to business realities (Guest and King, 2004). Experience in other functions is argued to be important for developing the competences of HR managers, such as improved business understanding, the ability to link business needs with people management strategies, and improving their credibility as business partners (Kelly and Gennard, 2000). In fact, research has found that HR directors have often worked outside the HR function before being promoted to their positions (Kelly and Gennard, 2000). HR managers who have worked outside of the HR function are likely to have a better understanding of HRM from the “user” perspective (Björkman et al., 2011), and hence managers and professionals may view HR departments with other functional experience as more capable.

**Hypothesis 6b:** The HR manager’s amount of work experience outside of HR will be positively related to managers’ and professionals’ perceptions of the HR function’s HRM capabilities.
METHODS

Data collection

Twelve MNCs, representing a variety of industries, from Finland, Sweden and Norway, participated in this research project. These companies ranged in size from 2,500 to 60,000 employees, and have units in an average of 30 different countries. Our aim was to gain access to at least 10 subsidiaries: one home-country unit and nine foreign units.

The first phase of data collection, structured interviews based on a questionnaire, were conducted in 123 subsidiaries of the initial 12 MNCs with the most senior subsidiary manager ("general manager") and the most senior person responsible for HR in the subsidiary ("HR manager"). The language of the questionnaire was English, which was the corporate language of all 12 MNCs. The questionnaires took between 20 and 60 minutes to complete. These interviews were conducted over the telephone and the interviewer filled in the responses to the questionnaire. By employing this approach, fewer questions are left unanswered and the interviewer can clarify any possible queries from the respondent (Webster, 1997).

During the second phase of data collection, a sample of employees within each participating subsidiary filled in an online questionnaire. At this stage, one MNC dropped out of the project due to major restructuring. The HR manager of each of the remaining 105 units was asked to provide the contact details of ten respondents in each participating subsidiary. We asked the HR managers to select an even balance between managers (with subordinates) and professionals (with no direct subordinates) in each unit, and also that the managers and professionals be selected from a range of departments, excluding the HR function. Additionally, we asked that the managers should be one to two hierarchical levels from the unit’s most senior manager. Each individual was then contacted by e-mail where the project was briefly described and a URL-link to the questionnaire was provided.

The survey questionnaire was developed through multiple rounds of iterations based on an extensive literature review. The questions were pre-tested and debated within the research team, and finally, two pilot interviews were carried out with two external managers in equivalent positions to the respondents. The questionnaire language was English and the pre-tests suggest that it took 15–20 minutes to fill in. The survey was answered anonymously. The total number of questionnaires sent out was 1,230; the final number of individuals responding to the survey was 930, of which 913 questionnaires were complete. The unit-level data for our analysis was collected through interviews with the HR manager and the general manager in each of the 105 units.

Measures

**Dependent variable**

The operationalisation of the dependent variable *HRM capabilities* was developed from previous research (Becker and Huselid, 1998). In reference to the HR function of their local unit/subsidiary, respondents were asked how they would rate the current capabilities of HR in performing the following:

(a) implementing appropriate performance management systems
(b) implementing appropriate training and development programs and
(c) implementing appropriate compensation and reward systems.

The questions were rated on a 7-point Likert scale ranging from 1 = “poor” to 7 = “excellent.” The Cronbach’s alpha value for the construct was 0.88.

**Independent variables**

To operationalise *visibility of the performance appraisal system*, we drew from Bowen and Ostroff (2004) and asked respondents to indicate the extent to which they agreed with the following statements:

(a) there is a lot of emphasis on the performance appraisal process,
(b) I often think about the performance appraisal process in this unit, and
(c) the performance appraisal process plays a highly visible role in this unit.

The answers were given on a 7-point Likert scale ranging from 1 = “do not agree” to 7 = “agree entirely.” The Cronbach’s alpha value for this construct was 0.88.

We measured managers’ and professionals’ perceptions of *HRM inducements* based on work done by Porter et al. (1998). Respondents were asked to indicate the extent to which their employer had made commitments to provide high performing individuals with the following:

(a) high level of compensation and rewards,
(b) a high level of responsibility,
(c) extensive career opportunities and
(d) extensive training and development.

The answers were given on a 7-point Likert scale from 1 = “not at all” to 7 = “to a great extent.” The Cronbach’s alpha value for this construct was 0.81.

**Use of e-HRM**

Subsidiary HR managers were asked to rate the extent to which their unit used various technologies in the delivery of HR services:

(a) HR applications,
(b) HR intranet,
(c) Employee self-service,
(d) Managerial self-service,
(e) Integrated HR software platform and
(f) HR portals.

All of these were defined in the questionnaire, and answers were given on a Likert scale ranging from 1 = “not at all” to 7 = “to a great extent.” The Cronbach’s alpha value for this construct was 0.86.
Use of HR shared-service centre

Subsidiary HR managers were asked whether their unit used a HR shared-service centre.

General manager’s internalisation of unit HRM practices

Our operationalisation was adapted from previous research on practice internalisation in MNC subsidiary settings (Kostova and Roth, 2002; Lervik, 2005). We focused on performance management, compensation and rewards, and training and development. For each of these HRM practices, the general managers were asked to state their level of agreement with the following three statements:

(a) the potential benefit of the (HRM practice) for the company are clearly worth the investment in time and resources,

(b) I am convinced we need the current (HRM practice) in our unit and

(c) I often find it difficult to agree with what the current (HRM practice) suggests (reverse scored).

The questions were answered on a 7-point Likert scale ranging from 1 = “do not agree” to 7 = “agree entirely.” An exploratory factor analysis (EFA) showed that the items loaded on three factors (Eigenvalues > 1; Kaiser–Meyer–Olkin test of sampling adequacy = 0.69), each factor with the three indicators mentioned above representing the internalisation of one HRM practice. The obtained factor scores in a second EFA showed that all the above three factors loaded on a common higher order factor (Eigenvalues > 1; Kaiser–Meyer–Olkin test of sampling adequacy = 0.66). Based on these analyses, we used all nine items to form one composite scale of general manager internalisation of HRM practices. The construct had a Cronbach’s alpha value of 0.82.

Previous HR experience

Subsidiary HR managers were asked for the total length of work experience within HR prior to their current job.

Work experience outside HR

Subsidiary HR managers were asked for the total length of work experience outside HR with their current or other employers.

Control variables

A number of control variables were included in the study in order to control for heterogeneity in terms of demographic and organisational characteristics (Felin and
First, the gender of managers and professionals was controlled for because some studies suggest that there might be a difference in the way that men and women rate performance (Benedict and Levine, 1988). Second, the nationality of the respondent was controlled for as local employees and foreign nationals may perceive things differently (Bonache, 2005). Third, we tested to see whether positive reciprocation influences employees who know they have been identified by their organisations as 'talent' to rate HRM capabilities differently (Weiss, 2002). We also controlled for the managers’ and professionals’ tenure in the unit (Rhoades and Eisenberger, 2002), the number of subordinates (Huang et al., 2010) and whether the respondent reported directly to the general manager influenced respondents’ perceptions (Adams, 1977).

At the unit level, given the differences in HRM found in cross-cultural HRM research (e.g. Ferner, 1997), we tested whether geographical distance from headquarters influenced managers’ and professionals’ assessments of HRM capabilities. Further, to control for some of the heterogeneity in the HR departments in our study, we also accounted for the tenure of the HR manager and the size of the HR department (Galang and Ferris, 1997).

Common method variance

As the dependent variable, HRM capabilities and two of the independent variables (perceived performance appraisal visibility and HRM inducements) were measured using the same respondent, we need to be concerned about common method variance (Podsakoff et al., 2003). A number of techniques have been developed to measure for common method variance, of which the Harman’s single-factor test is among the most widely used. We loaded all items for HRM capabilities, performance appraisal visibility and HRM inducements onto a single factor and examining the unrotated solution, which revealed three factors with eigenvalues greater than one. We further conducted a confirmatory factor analysis using Mplus (Muthén & Muthén, Los Angeles, CA, USA). The hypothesised three-factor model provided a reasonable overall fit [χ^2 = 3519.812, p < 0.001, CFI = 0.949, RMSEA = 0.078, TLI = 0.928, SRMR = 0.037] and fit significantly better than a single factor model. All items loaded significantly (p < 0.001) onto their latent variables, suggesting that our measures of HRM capabilities are independent of our measures of visibility and HRM inducements. Common method variance is therefore unlikely to be a serious concern in our analysis (Menon et al., 1996).

RESULTS

The study is based on a nested data set with 913 individuals belonging to 105 subsidiaries in 11 MNCs. Because of the multilevel nature of the data set and hence the statistical interdependence of the observations within each unit, ordinary least squares regression may not be appropriate because it is likely to lead to biased estimates (Raudenbush and Bryk, 2002). We used hierarchical linear modelling (HLM7), which allows for an iterative approach to investigating multiple levels of relationships with individual-level dependent variables (Raudenbush and Bryk, 2002).
TABLE 1  Means, standard deviations and Pearson correlations

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<tr>
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<td>0.10</td>
<td>0.30</td>
<td>-0.10**</td>
<td>-0.01</td>
<td>-</td>
<td></td>
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<td>4. Talent status</td>
<td>0.23</td>
<td>0.42</td>
<td>0.17**</td>
<td>0.02</td>
<td>0.00</td>
<td>-</td>
<td></td>
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</tr>
<tr>
<td>5. Employee tenure in unit</td>
<td>4.57</td>
<td>1.59</td>
<td>-0.03</td>
<td>0.11**</td>
<td>-0.11**</td>
<td>-0.02</td>
<td>-</td>
<td></td>
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<td>6. Number of subordinates</td>
<td>3.13</td>
<td>0.89</td>
<td>0.10**</td>
<td>0.23**</td>
<td>-0.03</td>
<td>0.09</td>
<td>0.13**</td>
<td>-</td>
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<tr>
<td>7. Report to GM</td>
<td>0.40</td>
<td>0.49</td>
<td>0.11**</td>
<td>0.11**</td>
<td>-0.01</td>
<td>0.11**</td>
<td>0.03</td>
<td>0.31**</td>
<td>-</td>
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<tr>
<td>8. Perceived HRM practice visibility</td>
<td>4.16</td>
<td>1.45</td>
<td>0.50**</td>
<td>-0.00</td>
<td>-0.05</td>
<td>0.16**</td>
<td>0.01</td>
<td>0.26**</td>
<td>0.13**</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>9. Perceived HRM inducements</td>
<td>4.20</td>
<td>1.21</td>
<td>0.48**</td>
<td>-0.00</td>
<td>-0.07*</td>
<td>0.24**</td>
<td>0.00</td>
<td>0.16**</td>
<td>0.12**</td>
<td>0.42**</td>
<td>-</td>
</tr>
<tr>
<td>Level 2b</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>1. Perceived HRM capabilities of HR</td>
<td>4.02</td>
<td>0.70</td>
<td>-</td>
<td>-</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>2. Geographical distance</td>
<td>2425</td>
<td>2505</td>
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<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>3. HR manager tenure</td>
<td>4.27</td>
<td>4.77</td>
<td>0.12</td>
<td>-0.07</td>
<td>-</td>
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<tr>
<td>4. HR size</td>
<td>6.04</td>
<td>6.12</td>
<td>0.10</td>
<td>-0.14</td>
<td>0.04</td>
<td>-</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>5. Use of e-HRM</td>
<td>3.76</td>
<td>1.57</td>
<td>-0.18</td>
<td>0.01</td>
<td>0.06</td>
<td>0.05*</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>6. Shared-service centres</td>
<td>0.55</td>
<td>0.5</td>
<td>-0.20*</td>
<td>0.11</td>
<td>-0.20*</td>
<td>-0.03</td>
<td>0.35**</td>
<td>-</td>
<td></td>
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</tr>
<tr>
<td>7. GM internalisation of HRM</td>
<td>13.47</td>
<td>7.66</td>
<td>0.19</td>
<td>0.04</td>
<td>0.07</td>
<td>0.15</td>
<td>0.14</td>
<td>-0.01</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. HR manager HR experience</td>
<td>7.92</td>
<td>7.92</td>
<td>-0.10</td>
<td>-0.03</td>
<td>0.48**</td>
<td>0.13</td>
<td>0.02</td>
<td>-0.09</td>
<td>0.22*</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>9. HR manager non-HR experience</td>
<td>5.31</td>
<td>0.82</td>
<td>0.11</td>
<td>0.10</td>
<td>0.17</td>
<td>-0.06</td>
<td>0.05</td>
<td>-0.01</td>
<td>-0.04</td>
<td>-0.29**</td>
<td>-</td>
</tr>
</tbody>
</table>

*p < 0.05, **p < 0.01.

* = 913 for individual-level variables.

= 105 for unit-level variables. Unit-level variables are measured at the unit level. All two-tailed tests.

GM, general manager; HR, human resource; HRM, human resource management; SD, standard deviation.
In the first stage, an unconditional or null model is estimated to determine the intraclass correlation (ICC), which is the level of within-group (individual level) and between-group (unit level) variance. If there is substantial variance at the unit level, this justifies the use of hierarchical linear modelling as an estimation technique for testing the hypotheses in this study. A $\chi^2$ test on the residual variance indicates whether the unit-level variance is significantly different to zero. As our study consists of three levels, we first tested a null model using all three levels. The results suggest that the MNC level accounts for a very small amount of variance in the data set (below 2 per cent). This level of analysis was omitted from the rest of the analysis because the negligible amount of variance and because the small sample size (11 MNCs) might affect the reliability of the estimates (Raudenbush and Bryk, 2002). The results of the two-level null model showed an ICC of 0.135 for perceptions of HRM capabilities, indicating that 13.5 per cent of variance occurs at the unit level. The results were highly significant, $\chi^2 = 246.14$ with 104 df ($p < 0.001$); we therefore continued the analysis using HLM. Table 1 illustrates the correlations and descriptions between the individual-level variables and the unit-level variables.

In the second stage, we built our multilevel regression model step by step. First, we regressed all control variables on perceptions of the HR function’s HRM capabilities. Next, we added all level 1 (individual level) predictors, followed by level 2 (unit level) predictors. In the final stage, we added cross-level effects of the senior manager’s attitudes on our individual predictors (see Table 2). To reduce potential multicollinearity problems and facilitate interpretation, all variables were standardised. We report the overall pseudo-$R^2$ for each model, which is calculated based on the proportional reduction of level 1 and level 2 variance components. The pseudo-$R^2$ of the full model was 0.39.

Our first two hypotheses were measured at the individual level. We predicted that individual perceptions of the visibility of the performance appraisal system and HRM inducements would be positively related to perceptions of the HR function’s HRM capabilities. The results of our analysis reveal positive and significant relationships between these two predictors and our dependent variable ($\gamma = 0.53; p < 0.001; \gamma = 0.46; p < 0.001$ respectively), supporting hypotheses 1 and 2.

HRM delivery factors were measured at the unit level. The use of e-HRM was found to be significant and negatively related to employees’ perceptions of the HR function’s HRM capabilities, as predicted ($\gamma = -0.15; p < 0.01$). The use of HR shared services, however, was found to be non-significant. Hypothesis 3a was therefore supported.

Of the social cues we hypothesised, attitudes of the most senior manager proved to have a significant influence on managers’ and professionals’ perceptions of the HR function’s HRM capabilities ($\gamma = 0.14; p < 0.05$). We also predicted an amplifying effect of the general manager’s attitudes on the relationship between our individual-level predictors (i.e. managers’ and professionals’ perceptions of HRM practice visibility and HRM inducements) and managers’ and professionals’ perceptions of the HR function’s HRM capabilities. The general manager’s internalisation of HRM practices was found to have a significant moderating effect on the relationship between perceptions of visibility and perceptions of HR function’s HRM capabilities ($\gamma = 0.09; p < 0.05$), such that the relationship between perceived HRM visibility and perceived HR function’s HRM capabilities was significantly stronger in units where the general manager’s internalisation of HRM practices was high than in units where the general manager’s internalisation of HRM practices was low. Figure 2 depicts this relationship. No moderating effect was found for the relationship between perceived HRM inducements and perceptions of the HR function’s HRM capabilities.
Hypotheses 6a and 6b were unsupported. We found no relationship between the HR manager’s previous experiences and perceptions of the HR function’s capabilities.

Of the control variables, only the number of subordinates reporting to the respondent was found to be significant and negatively related to perceptions of the HR function’s capabilities. None of the unit-level control variables was found to be significant.

**TABLE 2  Hierarchical linear modelling results for HRM capabilities**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Level 1 variables</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee gender</td>
<td>-0.09 (0.05)</td>
<td>-0.04 (0.04)</td>
<td>-0.03 (0.04)</td>
<td>-0.04 (0.04)</td>
</tr>
<tr>
<td>Foreign national</td>
<td>-0.11** (0.05)</td>
<td>-0.06 (0.04)</td>
<td>-0.05 (0.04)</td>
<td>-0.05 (0.04)</td>
</tr>
<tr>
<td>Talent status</td>
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<td>0.04 (0.04)</td>
<td>0.04 (0.04)</td>
<td>0.04 (0.04)</td>
</tr>
<tr>
<td>Employee tenure in unit</td>
<td>-0.05 (0.05)</td>
<td>-0.03 (0.04)</td>
<td>-0.03 (0.04)</td>
<td>-0.03 (0.04)</td>
</tr>
<tr>
<td>Number of subordinates</td>
<td>-0.07*** (0.05)</td>
<td>-0.08*** (0.04)</td>
<td>-0.10*** (0.04)</td>
<td>-0.10*** (0.04)</td>
</tr>
<tr>
<td>Report to GM</td>
<td>0.12 (0.05)</td>
<td>0.06 (0.04)</td>
<td>0.06 (0.04)</td>
<td>0.05 (0.04)</td>
</tr>
<tr>
<td>Perceived HRM practice visibility</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived HRM inducements</td>
<td>0.46**** (0.04)</td>
<td>0.46**** (0.04)</td>
<td>0.46**** (0.04)</td>
<td>0.46**** (0.04)</td>
</tr>
<tr>
<td><strong>Level 2 variables</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Geographical distance</td>
<td>0.06 (0.06)</td>
<td>0.02 (0.05)</td>
<td>0.03 (0.05)</td>
<td>0.03 (0.05)</td>
</tr>
<tr>
<td>HR manager tenure</td>
<td>0.09 (0.06)</td>
<td>0.06 (0.05)</td>
<td>0.08 (0.06)</td>
<td>0.10 (0.06)</td>
</tr>
<tr>
<td>Size of HR function</td>
<td>0.09 (0.06)</td>
<td>0.03 (0.05)</td>
<td>0.02 (0.05)</td>
<td>0.01 (0.05)</td>
</tr>
<tr>
<td>Use of e-HRM</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use of shared-service centres</td>
<td>-0.06 (0.06)</td>
<td>-0.06 (0.06)</td>
<td>-0.06 (0.06)</td>
<td>-0.06 (0.06)</td>
</tr>
<tr>
<td>GM internalisation of HRM</td>
<td>-0.01* 0.01</td>
<td>0.13** (0.05)</td>
<td>0.14** (0.05)</td>
<td>0.15** 0.07</td>
</tr>
<tr>
<td>HR manager HR experience</td>
<td>-0.04 (0.07)</td>
<td>-0.05 (0.07)</td>
<td>-0.05 (0.07)</td>
<td>-0.05 (0.07)</td>
</tr>
<tr>
<td>HR manager non-HR experience</td>
<td>-0.08 (0.06)</td>
<td>-0.08 (0.06)</td>
<td>-0.08 (0.06)</td>
<td>-0.08 (0.06)</td>
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<tr>
<td><strong>Cross-level interactions</strong></td>
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<td></td>
<td></td>
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<tr>
<td>GM internalisation × perceived visibility</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GM internalisation × perceived inducements</td>
<td>-0.02 (0.04)</td>
<td>-0.02 (0.04)</td>
<td>-0.02 (0.04)</td>
<td>-0.02 (0.04)</td>
</tr>
<tr>
<td>Pseudo $R^2$</td>
<td>0.08</td>
<td>0.35</td>
<td>0.38</td>
<td>0.39</td>
</tr>
</tbody>
</table>

* $p<0.1$,  ** $p<0.05$,  *** $p<0.01$,  **** $p<0.001$.
* Pseudo $R$-square calculated from change in variance components compared with the null model.
* Unstandardised coefficients estimates with standard errors in parenthesis. $n=913$ as for individual-level variables; $n=105$ for unit-level variables.
* GM, general manager; HR, human resource; HRM, human resource management.
DISCUSSION

In the interest of making an impact on business, the HR function depends on the opinions of its stakeholders for its decision-making processes and power (Tsui, 1990). Although extant research suggests that top managers and corporate HR executives use different criteria to assess the HR department’s operation across corporate units (Mäkelä et al., 2013), little research has delved beyond this. This study, therefore, set out to investigate factors that influence managers’ and professionals’ perceptions of the local HR function’s HRM capabilities.

Of the first set of factors, the perceived visibility of the performance appraisal system and HRM inducements were found to be highly significant predictors of line managers’ and professionals’ perceptions of the local HR function’s HRM capabilities. This confirms our hypothesis that features of HRM system influence line managers’ and professionals’ sensemaking with regard to HR function. The visibility of HRM practices and perceived HRM inducements are particular features of the HRM system in which the HR function is likely to be viewed as a salient and proximal actor. As predicted, managers’ and professionals’ experiences of these two features of the HRM system lead them to attribute HRM capabilities to the HR function. Perceived visibility of HRM practices such as the performance appraisal system demonstrates that the HR department is active in promoting it and signals the HR function’s fulfilment of its functional role. Similarly, a strong perceived link between individual performance and HRM-related outcomes such as high compensation, training opportunities and career progression signals that the HR function is doing an effective job in promoting HRM practices that support and reward performance (Han et al., 2006). The discerned relationship between the signals that managers and professionals elicit from the HRM system and perceptions of the HR function’s HRM capabilities complement research on the HRM process perspective by showing how signals from the HRM system are systematically associated with how employees perceive the capabilities of the HR function.

The HRM delivery modes used also influenced how managers and professionals evaluated the HR function. Although the use of e-HRM has been associated with increased efficiency, it has also been associated with an increased disconnection between employees and the HR function (Thompson, 2011). This increased dissociation with the

Note: GM, general manager; HRM, human resource management.
HR function leads managers and professionals to appropriate HRM capabilities elsewhere than the own unit’s HR function. Additionally, a number of studies indicate that the implementation of e-HRM is frequently met with resistance, meaning e-HRM may have a negative impact on managers’ and professionals’ experiences of the HRM system (Fisher and Howell, 2004; Parry and Tyson, 2011). As predicted, a negative and significant relationship was found between the use of e-HRM and managers’ and professionals’ perceptions of the HRM capabilities of the HR function of their unit. Although our model supports this negative relationship, we must be cautious in our interpretation of the relationship. Possible explanations for this result include poor implementation of e-HRM, lack of fit between e-HRM and the particular demands of the focal unit, or that managers and professionals sense a lack of personal attention to their own needs. However, additional research is needed to investigate these and possible other explanations for this finding and on the implementation of e-HRM in MNCs more generally. Nevertheless, our study underscores the importance of observations and experiences of the HRM system as a key source of information about the HR function.

The hypothesised negative relationship between the use of shared-service centres and perceived HRM capabilities was rejected. One possible explanation for this finding is that the HR departments in our sample have been able to complement the MNC shared-service centres with the people management activities carried out within their own units. The hypothesised effect of senior managers’ attitudes on managers’ and professionals’ perceptions of HRM capabilities was supported in this study. Top managers who have internalised the HRM practices of the unit (i.e. they are committed to and believe the HRM practices are valuable) send employees the signal that the HRM practices are good and therefore the HR function must be capable. The findings are in line with the HRM process perspective (Bowen and Ostroff, 2004), which points to the important role played by the signals sent by top managers in the creation of organisational climates. The results are also interesting in light of the fact that the expectations of senior managers with regard to the HR function may differ and even contradict the needs and expectations of other employee groups (Graham and Tarbell, 2006).

We further hypothesised that the connection line managers and professionals make between HRM practices and the HR function’s HRM capabilities will be positively moderated by the unit general manager’s attitudes towards HRM practices. Although we found no significant interaction effects on HRM inducement perceptions, the general manager’s attitudes were found to positively moderate the relationship between perceptions of the visibility of HRM practices and the HR function’s HRM capabilities. For those HR functions in units where the general manager demonstrated a higher level of internalisation of HRM practices, perceived visibility of HRM practices had a stronger effect on perceptions of the HR function’s HRM capabilities. This finding underscores the important role senior managers play in legitimising the HR function, as suggested by Bowen and Ostroff (2004). The lack of significant interaction effect for HRM inducements might be because of the high face validity of HRM inducements as a signal of the capabilities of the HR function.

Both hypotheses regarding the relationship between the HR managers’ experience, a cue concerning the capabilities of the focal HR unit, and managers’ and professionals’ perceptions of HRM capabilities were rejected. This suggests that either the HR manager is not a relevant actor from which managers and professionals pick up signals that they attribute to the HR function’s HRM capabilities, or managers and professionals have little or no knowledge of the HR manager’s previous experience that they can appropriate to the HR function. A weakness in our study is that we did not have data on how much contact respondents have with the HR manager or how well they knew the work
experience of the HR manager. Assuming that managers are likely to have more frequent contact with the HR manager as they have HR-related responsibilities, we conducted a post-hoc test to see whether respondents who had subordinates were more sensitive to the HR manager’s experiences by adding an interaction term to the final model. The results were non-significant, indicating that respondents display similar patterns regardless of whether they have subordinates.

**Limitations**

Like all research, this study is not without its limitations. First, our statistical analysis only shows relationships between variables of interest and does not prove causality. Although theory has been used to argue for the nature of the relationships found in the study, the direction of causality cannot be confirmed using cross-sectional data.

Second, a limitation concerning our analysis of the relationship between the previous experience of the HR manager and how individuals perceived the HRM capabilities of the unit is that we did not have data on the kind of other work experience these HR managers have. We also assume that the HR manager’s experience will be reflected in the manner in which he or she executes HRM-related tasks, but have been unable to account for how individual dispositions may affect HR managers’ behaviours.

Third, it should be noted that we focused only on perceptions relating to the HR function. A range of actors are involved in people management processes, most notably the direct superior. A relevant question is to what extent individuals attribute their experiences of HRM practices to their direct superiors (and other non-HR managers and executives) and how this influences their attitudes towards the HR function.

Fourth, limitations arising from the cross-national nature of our study should also be noted. There are many well-known problems in conducting cross-national research (Green and White, 1976). There may be differences across populations in the way various terms are understood and how individuals respond to measurement scales (Green and White, 1976; Mullen, 1995). We have sought to control for variance arising from this by testing for the effects of geographical distance. The result was non-significant, but caution is still advised in interpreting the cross-national applicability of our results.

Fifth, this study examined selected features of the unit’s HRM system. Although the performance appraisal practice is a key people management practice, we encourage scholars to examine the visibility of the HR system more broadly in future research. Further, researchers would also do well to analyse other process features (cf. Bowen and Ostroff, 2004) of the HRM system beyond the visibility that we studied in our research. For instance, the perceived consistency of the signals sent by the HRM practices may influence how employees perceive the HR function.

Finally, the analysis of perceptions of HRM capabilities only concerned certain HRM practices and may be too narrow as an estimate of the overall capabilities of the HR department’s HRM capabilities.

**Implications and future research**

The increasing devolvement of HR responsibilities to line managers has exposed the HR function to new and changing role demands, which has left it concerned about the
opinions of its key stakeholders (Wright et al., 2001; Caldwell, 2003). The findings of this study assert that the perceived clarity of HRM practices in terms of visibility and the link between individual performance and HRM-related outcomes send positive signals about the capabilities of the HR function. These results imply that by carrying out its functional role well, the HR department can elicit positive attributions from these important stakeholders. Additionally, procuring the most senior manager’s buy-in into HRM practices appears to result in positive spillover effects on line managers’ and professionals’ attitudes. Future research may examine whether the positive spillover effects we see in our study towards the HR function apply also to other organisational actors, such as other corporate functions, top management and other subsidiaries belonging to the same MNC (see Denrell et al., 2004).

Furthermore, a relevant question that arises from these findings is to what extent different actors are involved in the design and implementation of HRM and whether these actors have differential influences on managers’ and professionals’ perceptions. Given the increasing attention to the role of direct superiors in HRM implementation, the question of how employees perceive the HRM capabilities of their superiors offers a rich area for future research. Researchers may also examine the relationship between perceived HRM capabilities and performance outcomes at different levels of analysis.

Of more general interest would be to try to shed light on the cognitive processes involved in shaping how individual perceptions of HRM capabilities are formed, including the extent to which employees are conscious about how their assessments are formed. For the HR function, the findings suggest that careful attention needs to be paid to the implementation of HRM practices and processes for each individual.

In sum, our study shows that features of the HRM system and senior managers serve as signalling entities that communicate messages regarding the HR function and influence in a significant way line managers’ and professionals’ perceptions of the HRM capabilities the HR function possesses. Additionally, HRM delivery mechanisms influence the way line managers and professionals experience the HRM system, with implications on their perceptions of the HR function.

Acknowledgements

We are grateful to the Finnish Funding Agency for Technology and Innovation (Tekes) (Dec. no. 53/31/08) and the Academy of Finland (Dec. no. 122402) for financing this research. We also thanks the Editor, Prof. David Collings, and three anonymous reviewers for helpful comments on drafts.
REFERENCES


APPENDIX 4 ESSAY 4

DUAL VALUES-BASED ORGANIZATIONAL IDENTIFICATION IN MNC SUBSIDIARIES: A MULTILEVEL STUDY

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aVaasa University, bAalto University School of Business, cHanken School of Economics

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ABSTRACT

Dual organizational identification – with both the whole corporation and the local subsidiary – is considered valuable for subsidiary employees, international assignees, and multinational corporations (MNCs). Whilst extant research has examined antecedents of separate targets of identification, it has not fully addressed the challenge of identifying factors capable of supporting both simultaneously. This study examines the influence of individual- and organizational-level factors on the dual values-based identification of foreign subsidiary employees. Drawing on acculturation and organizational socialization theory, we test hypotheses on multilevel data from 793 managers and professionals in 90 foreign subsidiaries belonging to 11 Nordic MNCs. The results show that dual values-based identification is associated with acculturation and first-hand contact at the individual level, and a supportive social context for affective learning at the organizational level. Through its emphasis on higher-order elements that connect different parts of the MNC, rather than those that lead to the formation of in-groups and out-groups, the values-based approach to identification contributes to our understanding of dual identification in MNC subsidiaries, and represents a more positive treatment of cultural diversity. The findings have heightened practical relevance given the emphasis individuals are placing on values congruence in career choices and MNC efforts at instilling shared values.

KEYWORDS: Multinational Corporations (MNCs) and Enterprises (MNEs); Multilevel Analysis, Organizational identification, Acculturation theory, Organizational socialization

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INTRODUCTION

Dual organizational identification in multinational corporations (MNCs), or an individual’s sense of identification with both the local subsidiary and the global corporation, has been widely acknowledged as a valuable asset both for individual managers doing cross-border work and for MNCs at large (Reade, 2001a; Millward & Postmes, 2010; Vora, Kostova & Roth, 2007). At the individual level, it broadens one’s perspective and helps to create a matrix of the mind (Bartlett & Ghoshal, 1990). This helps subsidiary employees to avoid role conflict (Vora et al., 2007), be more effective in complex roles (Gregersen & Black, 1992), and serves as an essential coping mechanism when on international assignments (Ishii, 2012; Sanchez, Spector & Cooper, 2000). At the organizational level, it is associated with both cognitive social capital across units (Nahapiet & Ghoshal, 1998) and a global mindset among managers (Levy, Beechler, Taylor & Boyacigiller, 2007), the development of which is a central goal of many global talent management and leadership development efforts (Evans, Pucik & Björkman, 2011; Stahl et al., 2012).

In this study we examine determinants of dual values-based organizational identification in foreign subsidiaries – that is, the extent to which subsidiary employees identify with both the values of their local unit and those of the corporation as a whole. Representing one of the core attributes of identification (Ashforth, Harrison & Corley, 2008), values-based identification refers to perceptions of an organizational entity’s values as being similar to one’s own (Pratt, 1998; Reade, 2001a). It departs from the more common social identification and self-categorization based conceptualization of identification (Ashforth & Mael, 1989; Tajfel & Turner, 1986) by emphasizing values as the basis of identification (“I value A”) rather than group membership (“I am A”). We suggest that a values-based approach possesses high theoretical and practical relevance and significant potential for augmenting our understanding of dual organizational identification in general, and in the MNC subsidiary context in particular.

In terms of theoretical relevance, values-based identification provides a focus on higher-order elements that connect and unite different entities (such as shared values) rather than those that make them different (such as self-enhancement and distinctiveness). We argue that this approach is particularly well suited to the MNC subsidiary context in which group membership is more ambiguous than in less complex and more proximate contexts, and in which it is often beneficial for employees to identify with groups of which they are not formally members. Further, a values-based approach provides a positive lens (Stahl, Tung, Kostova & Zellmer-Bruhn, 2014) for examining dual identification since its emphasis lies on establishing a common purpose for the corporation that does not necessarily require the abandoning of values held by the subsidiary. By doing so, it enables us to identify factors that can transcend the geographical, cultural, linguistic and functional boundaries that separate the different units of the MNC (Lauring, 2008; Mäkelä, Andersson & Seppälä, 2012).

In terms of practical relevance, many firms are dedicating considerable resources towards building common corporate values as a means of normative control and employer branding. With a values-based lens we can explore antecedents that concurrently increase subsidiary managers’ attachment with both focal subsidiary and corporate values (Nguyen, Felfe & Fooken, 2013; Vora & Kostova, 2007). This is important given that the managerial implications for achieving membership-based identification with two separate targets can be very complex: The antecedents of each focus when examined separately may lead to the development of distinctive and potentially contradictory practices (Reade, 2001a).
In light of the above, we develop hypotheses on dual values-based identification in foreign subsidiaries, and test them on multilevel data collected from 793 managers and professionals in 90 foreign subsidiaries belonging to 11 Nordic MNCs. We show that, at the individual level, dual values-based identification is associated with acculturation, in that the degree of personal contact with other members of the MNC is related to affinity and the recognition of similarities in values. At the organizational level, we find that dual values-based identification is positively associated with organizational socialization, in that a supportive social context that makes values more explicit and provides opportunities for learning is related to the recognition of similarities in values or changes in them.

Our findings contribute to extant research in three notable ways. Firstly, our study responds to calls to distinguish ‘universal’ factors that support both MNC and subsidiary identification simultaneously (Reade, 2001a; Vora & Kostova, 2007), identifying antecedents at both the organizational and individual levels. Secondly, the study advances our understanding of dual identification through the adoption of a values-based lens (Reade, 2001a, b). Our findings suggest that the increasing emphasis that MNCs are placing on instilling universal shared values is useful for achieving dual identification in subsidiaries. What is more, when values are the basis of identification, the processes of psychological acculturation and organizational socialization become particularly important. And thirdly, acknowledging that individuals and their targets of identification are nested within different levels of an organization (Ashforth et al., 2008), our mixed determinant model demonstrates how dual identification is both dependent on individual agency and the social settings in which individuals in foreign subsidiaries operate (Kozlowsk & Klein, 2000).

In what follows, we first discuss previous literature on dual and values-based identification respectively. Drawing on theories of acculturation and organizational socialization, we then develop hypotheses about the effects of our individual- and organizational-level variables on dual values-based identification. We end the paper with a discussion of the findings together with their managerial and research implications.

DUAL VALUES-BASED ORGANIZATIONAL IDENTIFICATION

Dual Organizational Identification

Particularly in large, fragmented and/or dispersed organizations such as MNCs, employees are likely to identify with more than one organizational entity and can do this simultaneously (Ashforth & Johnson, 2001; Hornsey & Hogg, 2000). In a similar way that organizational commitment can be described as a ‘force’ that binds an individual to a ‘target’ (Meyer, Becker & Van Dick, 2006), individuals can simultaneously maintain multiple identifications to different foci (Riketta & Van Dick, 2005); for example, a superior, a department, a subsidiary, and the parent company. The target of an individual’s organizational identification is particularly challenging in foreign MNC subsidiaries, in which we can expect to see more ambiguity and tension between the focal unit and its corporate headquarters than in less complex organizations (e.g., Birkinshaw, Holm, Thilenius & Arvidsson, 2000). A common finding is that individuals identify more strongly with smaller and more proximal lower-level entities (Ashforth & Johnson, 2001; Reade, 2001a; van Knippenberg & van Schie, 2000), which in the MNC context has been illustrated by stronger identification with the local subsidiary by host-country managers (Vora et al., 2007). Yet, the mixed findings regarding the commitment (e.g. Gregersen &
Black, 1992; Banai & Reisel, 1993; Nguyen et al., 2013) and identification (e.g. Ishii, 2012) of expatriate managers suggest that dual identification is not always straightforward.

Referred to as the ‘identity matching principle’, empirical research shows that identification with an organizational entity is to a large extent driven by factors closely related to that particular entity (George & Chattopadhyay, 2005; Ulrich, Wieseke, Christ, Schulze & Van Dick, 2007), such as the prestige and distinctiveness of the subsidiary for subsidiary identification, and the support of head office superiors and career opportunities in the corporation for MNC identification (Reade, 2001b). Yet, findings based on the identity matching principle present complex implications for firms, since it requires managing two different sets of factors at two different levels of the organization. Given that MNCs are likely to be more interested in how to create conditions conducive to foreign subsidiary employee identification with both their local subsidiary and the MNC as a whole rather than either-or, we focus on universal factors that possess the potential for inducing simultaneous dual identification (Reade, 2001a; Vora & Kostova, 2007). We do this by adopting a values-based approach.

Values-based Identification

Organizational identification refers to the psychological bond between an individual and his or her employing organization. Beyond this common base, organizational identification has been conceptualized and operationalized in a number of different ways (for detailed reviews see Edwards, 2005; Riketta, 2005). On a continuum from narrow to broad, Ashforth et al. (2008) suggest three core attributes of identification: self-definition (“I am A”), importance (“I value A”), and affect (“I feel about A”).

Conceptualizations of organizational identification in the literature mostly emphasize the first of these (“I am A”). Grounded in social identification theory (SIT) and its extension self-categorization theory (Ashforth & Mael, 1989; Tajfel & Turner, 1986), identification is viewed as a perception of belongingness to an organization where the individual defines him or herself in terms of group membership (Mael & Ashforth, 1992). SIT-based theories have contributed significantly to our understanding of organizational identification, showing that an individual’s social identification is driven by a range of motivations which can be reduced down to the need for self-esteem (self-enhancement) and uncertainty reduction (e.g., Ashforth & Mael, 1989; Edwards, 2005; Hogg & Terry, 2000).

Values-based identification, in turn, focuses on the values attribute of identification (“I value A”) and the individual’s perception of oneness with an organizational entity based on similarities in values (Pratt, 1998; Reade, 2001a). This conceptualization emphasizes the attachment an employee feels towards his or her employer when he or she shares or can relate to the organization’s values and goals (O’Reilly & Chatman, 1986; Schneider, Hall & Nygren, 1971), with identification being highest “when a person’s self-concept contains the same attributes as those in the perceived organizational identity” (Dutton et al., 1994: 239).

Representing a departure from the more common SIT-based conceptualization of identification, we suggest that a focus on values-based identification is timely and provides scope for complementary theory development (Reade, 2001a,b). Values-based organizational identification resonates with recent employment trends where individuals are increasingly engaging in ‘meaning making’ (Fiol, 1991) and searching for
a higher-level cause they can identify with (Ravasi & Schultz, 2006) when making career choices. As societies and organizations become more turbulent and individual-organization relationships more boundaryless (Sullivan & Baruch, 2009; Van Dick, 2004), values compatibility becomes a compelling reason for choosing and staying with an employer, particularly for younger generations (Winter & Jackson, 2014). A case in point is the proliferation of the protean career orientation that emphasizes freedom, self-direction, and career choices based on personal values (Briscoe & Hall, 2006). Consequently, values are suggested to constitute an important ideological currency in the employee-employer psychological contract, where the organization is seen to provide a context in which the individual seeks to attain values-based aspirations (Thompson & Bunderson, 2003).

Not coincidentally, trends mirroring this can also be observed in the growing efforts by MNCs to use corporate values to communicate their purpose, employer brand, desirable leadership behaviors, and to evaluate individual performance (e.g. Evans et al., 2011; Stahl et al., 2012). Values-based identification is able to tap into these important developments through a positive lens (see Stahl, Tung, Kostova & Zellmer-Bruhn, 2014) that focuses on elements connecting different entities rather than those leading to group distinctiveness and corresponding in- and out-groups. More specifically, it represents a more positive treatment of cultural diversity in emphasizing the positive rather than negative effects, which is “a more accurate reflection of the reality of cross-cultural contact in international business” (Stahl & Tung, 2015: 391). An approach to dual organizational identification that builds on shared values is particularly relevant in the MNC context, in which global coordination and collaboration across subsidiaries has to transcend multiple geographical, cultural, linguistic and functional boundaries (Lauring, 2008; Mäkelä, Andersson & Seppälä, 2012; see also Dutton et al., 1994; Yuki, 2003). In what follows, we put forth a number of hypotheses concerning individual- and organizational-level drivers of values-based dual identification.2

HYPOTHESES

The underlying theoretical foundation behind our approach is that of organizational acculturation, which refers to situations “whereby host-country nationals employed in foreign operations become acculturated to the parent organizational culture” (Selmer & de Leon, 2002: 1147). An amalgam of the two theoretical constructs of acculturation and organizational socialization, Selmer and de Leon (1996) introduced this concept on the premise that research into organizational socialization has tended to neglect the issue of socialization across national cultures, and acculturation studies rarely focus on the organizational domain. This approach, they argue, is particularly well suited to studying values changes amongst employees in foreign subsidiary settings: since an MNC corporate culture usually reflects the national culture of its country of origin, employees in foreign subsidiaries can be viewed as experiencing acculturation via exposure to a foreign culture (e.g. work norms and values) without needing to leave their own country.

Against this background, we argue that dual values-based identification is influenced by the mechanisms of (i) acculturation at the individual level, on the basis of which an individual recognizes that the values of an organization are similar to one’s own, and (ii) organizational socialization at the organizational level, which leads to the recognition of values similarity, or to changes in individual values. These two underlying mechanisms correspond with Pratt’s (1998) self-referential (affinity-based) and self-defining (emulation-based) paths to identification, either of which can lead to identification. The
self-referential path does not involve an individual having to change his/her values, but it is rather where existing values are ‘revealed’ to an individual as being shared. The self-defining path is necessary when an individual’s values are perceived as being different and need to be changed in order for dual values-based identification to occur.

Building on acculturation theory (Berry, 1997) and the central tenets of the contact hypothesis (Homans, 1950; Pettigrew, 1998), we suggest that, at the individual level, the degree of personal contact with members of the MNC, including those within the focal subsidiary, drives affinity and the recognition of similarities in values. At the subsidiary level, dual values-based identification will be driven by organizational socialization: A supportive social context that makes the values of the focal subsidiary and the MNC more explicit and provides opportunities for learning leads to the recognition of similarities in values, or to changes in an individual’s own values that render them similar to those of the two organizational entities (Pratt, 1998). Our overall theoretical model is illustrated in Figure 1 below.

**Figure 1.** Hypothesized model

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**Organizational Socialization: Organizational level**

- **Supportive social context**
  - Recognition of similarities in values or Changes in individual values
  - Expatriate presence (H3)
  - HQ-subsidiary shared cognitive ground (H4)
  - Values-based performance management (H5)

**Acculturation: Individual level**

- **Contact**
  - Recognition of similarities in values
  - Cross-unit social interaction (H1)
  - No. subordinates (H2)
  - Dual values-based identification

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**Individual Level: Acculturation through Contact**

Acculturation refers to change that results from continuous, first-hand contact between two distinct cultural groups (Redfield, Linton & Herskovits, 1936). Whilst acculturation is a collective or group-level phenomenon, our focus here is on individual-level psychological acculturation, which refers to changes in an individual whose cultural group is collectively experiencing acculturation (Berry, 1992). This is an important distinction, given that there is typically considerable variation in the extent or way in which individuals in a group participate in acculturation processes (Berry, 1997). Psychological acculturation has been shown to lead to broad forms of change within individuals (Berry, 1980), including behavioral shifts in attitudes, abilities, motives, and values, the focus of this study.

Consistent with the dual organizational identification literature, we subscribe to the bi-dimensional view of acculturation (see e.g. Berry, 1997), which assumes that individuals
can identify simultaneously with the values of more than one entity. In other words, whilst a uni-dimensional model of acculturation assumes that home and host cultures are opposing and to identify with one means to give up identification with the other, the bi-dimensional model assumes that individuals can identify with the values of a 'host' (e.g., the MNC) without having to relinquish their identification with the values from where they originate (e.g., the local subsidiary).

According to acculturation theory, an individual's acculturation strategy will determine the kinds of changes that occur following contact with another culture. Based on an individual's preference for maintaining their own cultural values on the one hand, and for establishing contact and relationships with other cultures on the other, four possible acculturation strategies are possible: Assimilation involves adopting the host culture and abandoning the home, separation involves maintaining the home culture but not adopting the host, marginalization involves abandoning both (although this is typically not by choice), and lastly, integration involves adopting the host culture whilst maintaining the home (Berry, 1980; 1997). Drawing on the concept of organizational acculturation, dual values-based identification can therefore be said to necessitate the integration strategy, i.e. the adoption of a new culture's values (reflected in the national culture of the MNC's country of origin) whilst maintaining one's home culture's values (reflected in the national culture of the subsidiary's host country). Assuming that this kind of 'mutual accommodation' approach is accepted in both cultural settings, the integration strategy is often shown to be individuals' preferred approach to acculturation and is associated with more positive outcomes (e.g. better adaptation) and less acculturative stress (Berry, 2005).

Contact theory cites affective ties and cognitive exposure as the primary processes through which contact facilitates self-referential dual identification (see Homans, 1950; Pettigrew, 1998, for the 'contact hypothesis'). First, interpersonal contact, or even mere exposure, between individuals of different cultural systems reduces prejudice and anxiety, and promotes better relations due to the tendency for familiarity to breed liking. What is more, contact may also involve the cognitive reappraisal of an individual's own cultural values or those of the local subsidiary, leading the individual to recognize the validity of alternative values systems than their own and to adopt a less provincial view (Pettigrew, 1998). Such cognitive acceptance of new cultural values together with the reappraisal of one's own potentially taken-for-granted values creates conditions under which similarities in core values can be 'revealed', leading to self-referential dual identification (Pratt, 1998).

A meta-analysis by Pettigrew and Tropp (2006) provides broad support across different settings for the positive effects of contact, which often extend to the entire collective, not just the individuals with whom contact has occurred. Similar evidence is provided in the expatriate cross-cultural adjustment literature, in which greater contact frequency and number of interpersonal relationships have been shown to facilitate an increased understanding of cultural differences, and feelings of being less threatened and psychologically more comfortable in interactions with members of the new culture (Caligiuri, 2000; Kraimer, Wayne & Jaworski, 2001). Consequently, interpersonal contact has been associated with a number of positive organizational outcomes, such as the development of global leadership effectiveness (Caligiuri & Tarique, 2009), cross-unit knowledge sharing (Noorderhaven & Harzing, 2009), person-organization values congruence (Cable & Parsons, 2001), and subsidiary manager commitment to the MNC (Garcia-Cabrera & Garcia-Soto, 2012).
In the following two hypotheses, we test the relationship between two forms of personal contact with individuals within the MNC and dual values-based identification: first-hand personal contact that occurs horizontally in cross-unit social interactions, and vertical contact through the hierarchy that individuals in positions of responsibility and oversight encounter as a part of their supervisory responsibilities.

**Cross-Unit Social Interaction**

We first suggest that cross-unit social interaction – operationalized here as an individual’s participation in committees, taskforces, management training programmes and trips or visits involving colleagues from other parts of the MNC – will be positively related to dual identification. These forms of cross-unit interaction have been positively associated with normative integration (Ghoshal & Bartlett, 1988) that refers to the collective internalization of MNC values. Cross-unit social interaction is also viewed as a boundary-spanning activity whereby structural interaction is capable of producing sequential effects on the development of trust and shared cognitive ground, including shared values (Kostova & Roth, 2003; Mäkelä & Brewster, 2009; Reiche, Harzing & Kraimer, 2009).

Social interactions with colleagues from other parts of the MNC will expose individuals to the views and skills of the members of other units, increasing knowledge about them and reducing negative perceptions (Hansen, Mors & Løvås, 2005). Individuals participating in this kind of social interaction tend to gain more clarity about the perspectives of both sides than individuals who lack similar experiences (Schotter & Beamish, 2011). These individuals are likely to generate stronger affective ties with the values of the MNC and, via cognitive reappraisals of their local subsidiary’s values, will reach a deeper awareness and appreciation of their subsidiary’s role and values vis-à-vis the rest of the global organization in such a way that they are viewed as sharing more similarities than differences.

Representing the most direct form of first-hand contact, frequent cross-unit social interactions prompt individuals to cognitively and positively reevaluate the relationship between the foreign subsidiary and the MNC (Pettigrew, 1998), and see their subsidiary as part of a larger collective that shares the same core values (Richter, West, van Dick & Dawson, 2006). Little or no social interaction, on the other hand, will serve to maintain existing stereotypes or prejudices held towards the MNC (Pettigrew & Tropp, 2006), thus making it less likely that an individual will be able to recognize similarities in values. Based on this reasoning we hypothesize that horizontal, cross-unit social interaction influences dual values-based identification as follows:

\[ H1. \text{Cross-unit social interaction at the individual level is positively related to individual dual values-based identification.} \]

**Number of Subordinates**

In terms of vertical contact, individuals with positions of responsibility and oversight over a greater number of subordinates are more likely to be in more frequent contact with top management, other representatives from corporate headquarters and peers in
other units as a part of the chain-of-command through which strategic decisions are implemented across the organization. As a consequence, they are exposed to a larger number and variety of sources of contact and exposure with both sets of values (Vora & Kostova, 2007), through activities such as corporate and HR communications, and involvement in employee selection, staffing, performance and talent management. This kind of formal, institutionalized contact with values has been shown to foster greater levels of identification (Ashforth & Saks, 1996; Ashforth et al., 2008) and will help to foster affinity with both sets of values. Individuals responsible for more subordinates are also more likely to come into direct or indirect contact with the consequences of values alignment and/or misalignment (e.g. in terms of individual behaviors or unit performance), which will lead managers both to internalize the need for shared values and strengthen their affinity with them.

Individuals with positions of responsibility and oversight are more likely to engage in lateral coordination across and between MNC units as a part of their managerial role (Kostova & Roth, 2003; Richter et al., 2006; Schotter & Beamish, 2011). Reflected in findings that involvement in boundary spanning activities helps to reduce role ambiguity (Au & Fukuda, 2003), we predict that contact with the foreign subsidiary and the broader MNC will play a more central role for individuals with a greater number of subordinates. Such liaison duties will again provide them with greater exposure to MNC values, prompt cognitive reappraisals of their own subsidiary’s values and the values of the MNC, and create stronger affective ties, which together support the self-referential path to dual identification. We therefore hypothesize the following:

\[ H2. \text{An individual’s number of subordinates is positively related to individual dual values-based identification.} \]

**Organizational Level: Organizational Socialization through a Supportive Social Context**

Turning to the organizational-level antecedents, organizational socialization refers to individuals learning the espoused behaviors, attitudes and values expected of him/her as a member of the organization (Kraiger, Ford & Salas, 1993; Schein, 1968). Socialization is of critical importance to organizations since it helps to ensure the continuity of core values, and in terms of identification provides employees with a frame of reference when responding to events at work, interacting with colleagues (Bauer, Morrison & Callister, 1998), making sense of what they do and who they are (Fiol, 1991), and what the organization is about (Ravasi & Schultz, 2006).

Whereas the central component of acculturation is contact, learning can be said to be the main mechanism for identification through organizational socialization. Social learning theories suggest that individuals learn new behaviors and values from their surroundings: They first pay attention to them through observation (Bandura, 1971), and then when these observational cues are cognitively processed as evidence of a better way of working or approaching problems (Krathwohl, Bloom & Masia, 1964), the individual will modify his/her behaviors and internalize the values that underpin them (Kraiger et al., 1993). Although socialization can occur via imitation or observational learning (Bandura, 1971), it can – importantly for organizations – also be encouraged via a range of formal and informal socialization tactics designed to align the values of the individual and the organization (Cable & Parsons, 2001). Since values-based identification is an
attitudinal type of learning outcome (Kraiger, Ford & Salas, 1993), socialization processes conducive to identification should facilitate both cognitive learning (i.e. understanding what the values of the group are), and affective-based learning (i.e. personal agreement or adoption of those values).

In the next set of hypotheses we present three subsidiary-level factors – expatriate presence, headquarter-subsidiary shared cognitive ground and values-based performance management – that are argued to create a supportive social context that makes the focal subsidiary’s and MNC’s values more explicit and provides opportunities for affective-based learning, leading to the greater recognition of similarities in values (self-referential path to identification) or changes in individual values (self-defining path to identification).

**Expatriate Presence**

Expatriates have long been recognized as ‘cultural carriers’ and a means of normative control through which organizational culture and values can be reinforced (Edström & Galbraith, 1977; Jaeger, 1983). Expatriates – operationalized here as both parent- and third-country nationals in the top two tiers of subsidiary management – provide individuals in a foreign subsidiary with opportunities to learn about the values of the MNC that can be accessed without individuals needing to leave the subsidiary (Selmer & de Leon, 2002). Research has revealed the capacity of expatriates to facilitate affective-based learning, i.e. socializing foreign subsidiary employees into the MNC, in findings that show a positive association between expatriate presence and the level of headquarters-subsidiary shared values (Harzing, 1999). Whilst some of this will come in the form of inter-personal contact and affinity (driving self-referential identification), we argue here that expatriate presence will also have a significant contextual effect: foreign subsidiaries with more expatriates will afford individuals more frequent opportunities to observe and imitate their behaviors (Bandura, 1971), and will support their affective-based learning due to greater opportunities to have the salience of MNC practices and their associated values explained and justified (Nahapiet & Ghoshal, 1998).

Expatriates are also examples of boundary spanners and are often shown to be effective via their relationship and linking roles in resolving headquarters-subsidiary conflicts, especially in situations of important information asymmetry or high levels of ambiguity (Johnson & Duxbury, 2010; Schotter & Beamish, 2011), which provides a further source of learning about both subsidiary and MNC values for subsidiary employees. Greater numbers of expatriates performing these kinds of boundary-spanning roles will support dual values-based identification not only by encouraging individuals to adopt new values, but also by helping individuals to cognitively reevaluate what they observe as representing similarities in MNC and subsidiary values, and helping them to realize that the values are not in conflict. However, as boundary-spanners, expatriates are also in a good position to be able to articulate the taken-for-granted values of the subsidiary and its relative strengths, which will support learning and stronger identification with subsidiary values by subsidiary employees.

Questions surrounding the dual allegiance of expatriates (Gregersen & Black, 1992) may render some expatriates as problematic sources of both cognitive and affective learning, which may be particularly important given that greater numbers of expatriates are likely to lead to host-country nationals using expatriates as referents (Toh & DeNisi, 2003). Nevertheless, fewer expatriates will make the necessary information acquisition about
the comparative agendas, working styles and values of the subsidiary and the MNC, and their positive construal, more difficult (Ostroff & Kozlowski, 1992). Therefore, our hypothesis regarding expatriate presence as a feature of a supportive social context for learning is as follows:

H3. Subsidiary-level expatriate presence is positively related to individual dual values-based identification.

Headquarters-Subsidiary Shared Cognitive Ground

Another contextual feature supportive of individual-level dual values-based identification is the overall organizational-level shared cognitive ground that exists between the foreign subsidiary and headquarters. Shared cognitive ground refers to shared interpretations and systems of meaning among parties (Nahapiet & Ghoshal, 1998), or in other words, the extent to which key managers in the units and the corporate headquarters understand each other’s goals and ambitions, behavioral norms and professional languages (Tsai & Ghoshal, 1998). Shared cognitive ground facilitates meaningful communication between the unit and corporate headquarters, and has in previous research been shown to lead to better knowledge transfer and integration, and organizational value creation more generally (Nahapiet & Ghoshal, 1998; Mäkelä & Brewster, 2009; Tsai & Ghoshal, 1998).

In foreign subsidiaries with high levels of headquarters-subsidiary shared cognitive ground we would expect individuals to have access to more consistent and less conflicting communication and information about MNC and subsidiary values (e.g. embedded in managerial behaviors, subsidiary practices, and employee communication). Headquarters-subsidiary shared cognitive ground is also likely to produce more consistent and better-quality communication that is easier to make sense of and internalize (Ashforth & Saks, 1996; Smidts, Pruya & van Riel, 2001; Zhang, George & Chan, 2006), in part due to foreign subsidiary managers talking more positively about both sets of values and making decisions that are consistent with them. By doing so, they reinforce what is regarded as important in the organization (Bowen & Ostroff, 2004), and as role models are influential sources of cognitive- and affective-based learning about subsidiary and MNC values. Thus, we hypothesize the following:

H4. The degree of shared cognitive ground between headquarters and the foreign subsidiary is positively related to individual dual values-based identification.

Values-Based Performance Management

The integration of organizational values into HRM tools and practices, and performance management specifically, has become increasingly commonplace in MNCs. In performance management, organizational values are principally used to promote a strong corporate culture, as well as to provide a basis for feedback, individual performance evaluations, and subsequent decisions about rewards and talent identification (Evans et al., 2011). A growing number of MNCs are complementing hard
targets with the use of espoused corporate values as behavioral criteria against which an individual’s performance is evaluated (such as the extent to which an individual’s behaviors adhere to the values of being ‘pro customer’ or ‘ready for continuous renewal’) (Chatman & Cha, 2003; Stahl et al., 2012; see also e.g. Michailova & Minbaeva, 2012).

Conceptualized here as the extent to which adherence to corporate values is evaluated in performance appraisals in the subsidiary (by asking subsidiary HR managers) and throughout the MNC (by asking corporate HR representatives), greater emphasis on values in performance management not only reflects the degree of importance the organizational context attaches to values in general, but also represents a continuous, structured opportunity for reinforced learning regarding the specific values that are considered core to the foreign subsidiary’s and MNC’s identity. Integrating values into performance management serves a sense-giving function insofar as it can be seen as a deliberate attempt to provide clear referents that shape internal self-perceptions (Ravasi & Schultz, 2006). In this sense, performance appraisals serve as a form of organizational learning activity whereby individuals can seek and receive feedback about subsidiary and MNC values and their personal degree of alignment with them. Performance appraisals involve feedback from superiors and typically also from peers through 360-degree feedback – both important agents in helping individuals to acquire information and ‘learn the ropes’ (Ostroff & Kozlowski, 1992).

Further, incorporating values in performance management raises their visibility, linking them more explicitly to both everyday work tasks (e.g., how we should work) and performance (e.g., success stories). This represents a potentially powerful source of affective learning about the reasons why particular values are effective in resolving problems in the organization and why it makes sense for both individuals and foreign subsidiaries to identify with them and put them into practice. Values-based performance management can also be seen as an example of the kind of institutionalized communication and socialization tactic that leads to greater levels of perceived person-organization fit (Cable & Parsons, 2001) and organizational identification (Ashforth & Saks, 1996; Ashforth et al. 2008; Ishii, 2012). Thus, our final hypothesis regarding the effects of a supportive social context for organizational socialization and values-based dual identification is as follows:

**H5.** The greater emphasis on values-based performance management at the organizational level is positively related to individual dual values-based identification.

**METHOD**

**Data Collection**

The data for this study were collected as part of a large-scale research project on global HRM in MNCs. The project comprised eleven Nordic MNCs (7 Finnish, 3 Norwegian, 1 Swedish) belonging to a variety of industries, varying in size from 2,500 to 60,000 employees, with units in an average of thirty countries. This paper builds on data collected in two separate phases of the project. Data about the subsidiaries were collected in spring 2009 through structured interviews with subsidiary general managers. The interviews were conducted over the telephone using a structured pre-tested questionnaire. The questionnaire language was English since this was the official language used in inter-unit communications. In the interviews the interviewer and
respondent went through the questionnaire together over the telephone. The interviewer filled in the responses whilst the respondent had the questionnaire in front of him/her to ease the process, and took between 20 and 45 minutes to complete. The language used was primarily English, with Finnish, Swedish and Russian used only for clarification.

The individual-level data were collected in 2010 using a web-based survey of managers and professionals (i.e. white-collar personnel with and without subordinates) located in the subsidiaries. We first e-mailed the HR manager of each of the subsidiaries, describing the survey and requesting contact details of ten respondents in a cross-section of positions one or two steps down from the subsidiary general manager. The HR managers had already been informed about the survey by our contact persons in corporate headquarters. We contacted the prospective respondents directly by e-mail, describing the project and its authorization from corporate and subsidiary HR, and invited the respondents to complete the survey. After 1-2 weeks all respondents received an e-mail reminder. In subsidiaries where the response rate remained low, we contacted the unit HR managers a second time, asking them to remind respondents or to provide additional names.

The survey was developed through multiple rounds of iteration, and pre-tested in pilot interviews with four external managers in equivalent positions to the respondents. The language used in the survey was English, not only to facilitate comparability, but also since it was not considered realistic to translate it into the more than ten languages used across all the subsidiaries. The survey was answered anonymously and individual respondents were not able to be identified. 1230 invitations were sent out and the final number of individual responses was 930, producing a response rate of 76%. After excluding units located in the MNCs’ home countries, the final sample comprised 793 respondents in 90 units of 11 MNCs. The respondents comprised 534 (67%) managers (with subordinates) and 259 (33%) professionals (without subordinates), and 42 different nationalities. The subsidiaries were located in 29 different countries spanning all six major continents.

**Operationalizations**

Dual Identification. Our dependent variable was measured by combining two separate measures of MNC identification and subsidiary identification. MNC identification was based on Reade’s (2001a) values-based construct by asking managers and professionals in the web-based survey to indicate the extent to which they agreed with the following three statements; i) [The MNC’s] global practices express my own values, ii) [The MNC] represents values that are important to me, and iii) I see no difference between my values and the corporate values of [The MNC]. The questions were rated on a seven-point scale where 1 = “do not agree” and 7 = “agree entirely”. This construct had an alpha value of 0.89. Similar to MNC identification we operationalized subsidiary identification by asking employees to indicate the extent to which they agreed with the following: i) The practices of this local unit/subsidiary are in line with my personal values, ii) What this local unit/subsidiary stands for is important to me, and iii) My values and the values of the local unit/subsidiary that I work for are the same. The questions were rated on a seven-point scale ranging from 1 = “do not agree” to 7 = “agree entirely”. The alpha value for this construct was 0.89.

We created a measure for dual organizational identification by following a similar approach to Gibson and Birkinshaw (2004) in their study on ambidexterity. We
multiplied MNC and subsidiary identification to create a combined measure of organizational identification. To reduce problems with multicollinearity we mean-centered MNC and subsidiary identification before obtaining their product. The dual identification measure is used as the dependent variable in testing the hypotheses, and the two separate measures of MNC and subsidiary identification are used in subsequent post-hoc analyses. We performed a confirmatory factor analysis on the six items to ensure that MNC identification and subsidiary identification are distinct constructs. The hypothesized two-factor model provided a reasonable overall fit ($\chi^2(8) = 40.871, p < 0.001$, $\text{CFI} = 0.975$, $\text{RMSEA} = 0.072$, $\text{TLI} = 0.953$, $\text{SRMR} = 0.024$), and better fit than a single-factor model ($\chi^2(9) = 1772.348, p < 0.001$, $\text{CFI} = 0.000$, $\text{RMSEA} = 0.497$, $\text{TLI} = -1.221$, $\text{SRMR} = 0.099$). All factors loaded significantly ($p < 0.001$) on their latent variables. These results strongly support the discriminant validity of the two identification variables.

**Independent variables: Individual level**

Cross-unit social interaction. Building on Björkman, Barner-Rasmussen and Li (2004), and Noorderhaven and Harzing (2009), we measured cross-unit social interaction by asking individual managers and professionals to indicate their level of participation in the following i) Committees or task forces with persons from your company’s units located in other countries, including headquarters, ii) Management training programmes with persons from your company’s units located in other countries, including headquarters, iii) Trips to and/or visits from your company’s units located in other countries, including headquarters, and iv) Telephone/videoconferences with persons from your company’s units located in other countries, including headquarters. The questions were rated on a seven-point scale where 1 = “none” and 7 = “very high”. The alpha for this construct was 0.83.

Number of subordinates. We operationalized this construct by asking the managers and professionals the number of subordinates that they had, and measured it as a nominal variable consisting of three groups: 0 = 0 subordinates, 1 = 1-4 subordinates, and 2 = 5 or more subordinates.

**Independent variables: Organizational level**

Expatriate presence. Expatriate presence was measured by asking subsidiary general managers for the number of foreign (i.e. parent- or third-country) managers in the top two tiers of management in their subsidiary.

HQ-subsidiary shared cognitive ground. We operationalized headquarters-subsidiary shared cognitive ground as a relational variable based on Mäkelä and Brewster (2009) who adapted this measure from Nahapiet and Ghoshal’s (1998, p.244) original conceptualization of the cognitive dimension of social capital, consisting of ‘shared representations, interpretations, and systems of meaning among parties’. We asked the subsidiary HR manager to indicate the extent to which managers from the subsidiary and corporate HR have a deep understanding of each other’s goals and ambitions, professional culture and behavioral norms, and professional language and way of communicating. The three items were rated on a seven-point scale where 1 = “do not agree” and 7 = “agree entirely”. The Cronbach’s alpha for this construct was 0.92.
Values-based performance management. We measured this variable by asking the corporate HR representative of each MNC the extent to which they expect that ‘adherence to corporate values is evaluated in performance appraisals’. We also asked the HR manager of each subsidiary the same question in terms of whether this practice is used in their subsidiary. Both of the two items were rated on a seven-point scale where 1 = “not at all” and 7 = “to a great extent”. Taking the mean of the two items (correlation r = .22), the values-based performance management construct is a formative construct that seeks to capture the extent to which corporate values are emphasized in the performance appraisal context from both the corporate (global) and foreign subsidiary (local) perspectives (see e.g. Coltman et al., 2008 and Venaik, Midgley & Devinney, 2005). The inter-rater agreement had a high median (0.875) but low average (0.433), which suggests that in the values context the two items are typically similar but not always. However, since we treat this construct as a formative measure, inter-rater agreement is not typically a cause for concern (Diamantopoulos & Siguaw, 2006).

Control variables

We controlled for a number of exogenous factors that extant research suggests will exert an influence on organizational identification. We predicted our model as a three-level model which allowed us to include and control for MNC-level variation. No other predictors were included at this level. At the individual level we controlled for tenure, talent status and hierarchical level. An individual’s length of employment is likely to have an influence on the amount of first-hand contact he or she has with organizational cultures, and learning of work values can only take place over time (Selmer & de Leon, 2002). Drawing on the Attraction-Selection-Attrition model (Schneider, 1987), an individual and an organization should experience greater values congruence over time, since a lack of congruence should lead to employee turnover or cognitive dissonance. However, the relationship between organizational tenure and identification is not straightforward (George & Chattopadhyay, 2005; Ishii, 2012). As shown in studies on organizational commitment (Wright & Bonett, 2002) and expatriate adjustment (Black & Mendenhall, 1991) this might be due to tenure having a non-linear effect.3 We measured tenure in the MNC and the subsidiary as the number of years they had been employed in the global corporation and local subsidiary respectively.

In terms of talent, Anonymous et al. (2013) find that employee perceptions of their talent status affect their levels of MNC and subsidiary identification. We therefore control for talent status by asking respondents “are you formally identified by (The MNC) as belonging to a talent pool?” We created a dummy variable, where those who perceive they are identified as talent were coded 1, and those who either do not know or perceive that they are not identified as talent were coded 0. In order to isolate the effects of seniority from an individual’s number of subordinates we controlled for hierarchical level. For this a dummy variable (Reports to General Manager) was used and was based on the respondents’ answer to the question ‘do you report directly to the Unit President/General Manager?’ where ‘yes’ was coded 1, and ‘no’ coded 0.

In terms of organizational-level factors, we controlled for culture distance, subsidiary size, subsidiary performance, headquarters control, subsidiary functions, and whether the subsidiary was acquired. Cultural distance between the MNC’s home country and the subsidiary is likely to affect the degree of intercultural conflict, acculturative stress, psychological discomfort in interactions with members of the other culture, and difficulties in adjustment and cultural accommodation (Black & Mendenhall, 1991).
Larger, high performing subsidiaries and those that carry out a greater number of functions are more likely to occupy a strategic position within the MNC. Whilst individuals within such subsidiaries may exhibit greater MNC identification as a result of greater prestige and more emphasis by headquarters on their global integration, Reade (2001a) finds that managers in ‘Strategic Leader’ subsidiaries identify stronger with the subsidiary since that is where the greater perceived social status resides. In subsidiaries where headquarters control is high, we might expect high levels of socialization and more frequent contact with MNC representatives. In subsidiaries that have been acquired, organizational identification will be affected by potentially greater levels of acculturative stress (Very, Lubatkin, & Calori, 1996), social conflict (Vaara, Sarala, Stahl, & Björkman, 2012) and alienation (Brannen & Peterson, 2009).

We operationalized subsidiary cultural distance from the MNC home country using a composite index based on deviation along each of the nine cultural values (‘should be’) dimensions from the GLOBE study (House et al., 2004). For those countries in our sample not represented in the GLOBE study (Chile, Estonia, Latvia, Lithuania and Norway) we used the values of the nearest geographical neighbor. Following Kogut and Singh (1988) we used the following cultural distance index:

Subsidiary size was measured as the natural logarithm of the total number of employees in the subsidiary. Based on Covin, Prescott, and Slevin’s (1990) weighted average performance index, we measured subsidiary performance by first asking subsidiary general managers to indicate how important the following strategic priorities to be for their units: customer focus, innovation, people focus (internal), productivity, quality, and social responsibility (external). The questions were rated on a seven-point scale where 1 = “not at all important” and 7 = “very important”. Next, general managers were asked to rate their units’ performance against these priorities. This set of questions was rated on a seven-point scale where 1 = “very low” and 7 = “very high”. We then calculated a weighted index of performance by multiplying the ratings for each pair of priorities, aggregated them into one construct, and then used the natural logarithm.

To measure headquarters control we adapted the ‘formal control’ construct from Martinez and Jarillo (1991) to an HRM context and asked subsidiary HR managers about the extent to which they agreed with statements concerning, for example, the emphasis HQ places on standardized HRM processes and their use of reporting systems to evaluate the subsidiaries’ people-related HR performance. The alpha for this 4-item construct was 0.81. We measured the number of functions by asking the General Manager to indicate which functions were carried out in the subsidiary – manufacturing, sales, service, and research and development – resulting in a value of 1 to 4.5 Acquired subsidiaries were coded 1.

RESULTS

Analytic Strategy

Given the nested nature of our data, we tested our hypotheses using hierarchical linear modeling (HLM). There are two key advantages to employing this statistical approach. First, it allows for the simultaneous analysis of individual-, subsidiary-, and MNC-level variance in individual outcomes. Second, it improves the precision of estimates relative to traditional approaches because it accounts for the possible dependence of units within
a group by partitioning and modeling within-group and between-group variance simultaneously (Raudenbush & Bryk, 2002). Multilevel model testing follows sequential steps (Raudenbush & Bryk, 2002), the first step being to test for significant between-group variance in the dependent variable by running null models with no predictors for each dependent variable (Hofmann, 1997). The null model partitions the dependent variable variance into individual- and group-level components and tests the significance level of the group-level residual variance.

Since our model essentially consists of three levels – individuals nested in subsidiaries, and subsidiaries nested within MNCs, we first test a null model including all three levels. Once significant subsidiary-level variance is established, individual-level variables are introduced to the model, followed by contextual subsidiary-level variables to test our hypotheses. Further, to reduce potential multicollinearity problems and facilitate interpretation, HLM offers a number of centering options. Grand-mean centering is the most straightforward option (Hoffman, 1997; Hox, 1995), and is therefore applied to all variables in this study.

### HLM Results

Table 1 presents the means, standard deviations, and correlations of the variables used in this study. The statistics in the upper portion of the table show the correlation at the individual-level of analysis and the statistics in the lower section pertain to the organizational-level of analysis. It should be noted that these correlations do not take into account non-independence within the data and should be interpreted with caution.

Results of the three-level null model provide evidence of significant variance between subsidiaries in the dependent variable. Resulting ICC(1) values and chi-square tests showed that nine percent of variance in dual identification resided between subsidiaries ($\chi^2 = 148.89, p < 0.001$), and four percent between MNCs ($\chi^2 = 32.29, p < 0.01$). Although the level of variance at the MNC level is relatively small, since it is highly significant and since our dependent variable encompasses MNC identification, we performed a three-level HLM analysis. We thus control for MNC-specific variance, but we include no predictors at this level because of the small number of MNCs in our sample. Table 2 displays the results of the HLM analysis for the hypothesized model.

In Hypotheses 1, we posited that employees’ level of cross-unit social interaction positively relates to dual identification. This hypothesis was supported ($\gamma = 0.95, p < 0.05$). The results also reveal a positive relationship between the number of subordinates reporting to an individual and his or her dual organizational identification ($\gamma = 2.82, p < 0.01$), thus supporting Hypothesis 2.
<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>s.d.</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
<th>15</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Dual identification</td>
<td>100.79</td>
<td>19.78</td>
<td>-0.06</td>
<td>-0.05</td>
<td>-0.13</td>
<td>-0.08</td>
<td>-0.12</td>
<td>-0.18</td>
<td></td>
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<tr>
<td>2. MNC tenure</td>
<td>5.10</td>
<td>1.67</td>
<td>-0.05</td>
<td>-0.73</td>
<td>-0.00</td>
<td>-0.05</td>
<td>-0.06</td>
<td>-0.18</td>
<td></td>
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<tr>
<td>3. Subsidiary tenure</td>
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<td>1.58</td>
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<td>-0.80</td>
<td>-0.01</td>
<td>-0.03</td>
<td>-0.09</td>
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<td>-0.08</td>
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<tr>
<td>4. Talent identification</td>
<td>0.24</td>
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<td>-0.18</td>
<td>-0.01</td>
<td>-0.03</td>
<td>-0.09</td>
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<td>5. Reports to GM</td>
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<td>-0.12</td>
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<tr>
<td>6. Cross-unit social interaction</td>
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<td>-0.09</td>
<td>-0.12</td>
<td>-0.05</td>
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<td>7. No. subordinates</td>
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<td>0.88</td>
<td>-0.27</td>
<td>-0.17</td>
<td>-0.12</td>
<td>-0.08</td>
<td>-0.42</td>
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<tr>
<td>8. Cultural distance</td>
<td>2.13</td>
<td>1.48</td>
<td>-0.00</td>
<td>-0.31</td>
<td>-0.34</td>
<td>-0.20</td>
<td>-0.21</td>
<td>-0.05</td>
<td>-0.04</td>
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<tr>
<td>9. Subsidiary size (log.)</td>
<td>2.45</td>
<td>0.59</td>
<td>-0.15</td>
<td>-0.05</td>
<td>-0.17</td>
<td>-0.15</td>
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<td>-0.02</td>
<td>-0.29</td>
<td>-0.15</td>
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<tr>
<td>10. Unit performance (log.)</td>
<td>5.18</td>
<td>0.19</td>
<td>0.25</td>
<td>0.26</td>
<td>-0.04</td>
<td>-0.02</td>
<td>-0.05</td>
<td>-0.11</td>
<td>-0.19</td>
<td>0.02</td>
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<tr>
<td>11. HQ control</td>
<td>4.53</td>
<td>1.30</td>
<td>-0.13</td>
<td>-0.13</td>
<td>-0.08</td>
<td>-0.10</td>
<td>-0.15</td>
<td>-0.21</td>
<td>-0.24</td>
<td>-0.02</td>
<td>-0.14</td>
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<tr>
<td>12. No. functions</td>
<td>2.49</td>
<td>1.03</td>
<td>-0.05</td>
<td>-0.11</td>
<td>-0.16</td>
<td>-0.12</td>
<td>-0.02</td>
<td>-0.01</td>
<td>-0.15</td>
<td>-0.24</td>
<td>-0.08</td>
<td>-0.13</td>
<td>-0.15</td>
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<tr>
<td>13. Acquired</td>
<td>0.57</td>
<td>0.50</td>
<td>-0.02</td>
<td>-0.25</td>
<td>-0.28</td>
<td>-0.08</td>
<td>-0.13</td>
<td>-0.10</td>
<td>-0.11</td>
<td>-0.42</td>
<td>-0.25</td>
<td>-0.08</td>
<td>-0.10</td>
<td>-0.33</td>
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<tr>
<td>14. Expatriate presence</td>
<td>2.23</td>
<td>4.34</td>
<td>-0.08</td>
<td>-0.08</td>
<td>-0.23</td>
<td>-0.03</td>
<td>-0.06</td>
<td>-0.10</td>
<td>-0.06</td>
<td>0.17</td>
<td>0.21</td>
<td>0.24</td>
<td>0.08</td>
<td>0.13</td>
<td>-0.15</td>
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<tr>
<td>15. HQ-sub shared cognitive ground</td>
<td>4.43</td>
<td>1.48</td>
<td>-0.14</td>
<td>-0.16</td>
<td>-0.19</td>
<td>-0.19</td>
<td>-0.14</td>
<td>-0.13</td>
<td>-0.04</td>
<td>-0.13</td>
<td>0.08</td>
<td>0.45</td>
<td>0.09</td>
<td>-0.08</td>
<td>-0.06</td>
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<td>16. Values-based PM</td>
<td>5.37</td>
<td>1.31</td>
<td>-0.21</td>
<td>-0.15</td>
<td>-0.08</td>
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<td>-0.09</td>
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<td>0.10</td>
<td>0.05</td>
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</tbody>
</table>

Notes:
Correlations below the diagonal represent between-subsidiary correlations (n = 90); correlations above the diagonal represent the between-individual correlations (n = 793). These correlations do not account for the nested nature of the data and should be interpreted with caution. All two-tailed tests: *p ≤ 0.05** p ≤ 0.01.
Table 2. Results of HLM analyses on the antecedents of dual values-based identification

<table>
<thead>
<tr>
<th>Variable</th>
<th>Null Model</th>
<th></th>
<th>Control Variables</th>
<th></th>
<th>Full Model</th>
<th></th>
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<tbody>
<tr>
<td></td>
<td>Coefficient</td>
<td>(std.</td>
<td>Coefficient</td>
<td>(std.</td>
<td>Coefficient</td>
<td>(std.</td>
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<tr>
<td></td>
<td>error)</td>
<td>error)</td>
<td>error)</td>
<td>error)</td>
<td>error)</td>
<td>error)</td>
</tr>
<tr>
<td>Intercept</td>
<td>100.21***</td>
<td>(1.56)</td>
<td>100.24***</td>
<td>(1.43)</td>
<td>100.47***</td>
<td>(1.19)</td>
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<tr>
<td><strong>Level 1 control variables</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MNC tenure</td>
<td>0.35</td>
<td>(0.62)</td>
<td>0.00</td>
<td>(0.62)</td>
<td></td>
<td></td>
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<tr>
<td>Unit tenure</td>
<td>0.33</td>
<td>(0.64)</td>
<td>0.29</td>
<td>(0.63)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Identification as talent</td>
<td>5.15**</td>
<td>(1.58)</td>
<td>4.35**</td>
<td>(1.57)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reports to GM</td>
<td>2.65</td>
<td>(1.39)</td>
<td>0.59</td>
<td>(1.45)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Level 1 independent variables</strong></td>
<td></td>
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<tr>
<td>Cross-unit social interaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.95*</td>
<td>(0.45)</td>
</tr>
<tr>
<td>No. subordinates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.82**</td>
<td>(0.83)</td>
</tr>
<tr>
<td><strong>Level 2 control variables</strong></td>
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</tr>
<tr>
<td>Cultural distance</td>
<td>-0.19</td>
<td>(0.70)</td>
<td>0.09</td>
<td>(0.68)</td>
<td></td>
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</tr>
<tr>
<td>Subsidiary size</td>
<td>1.14</td>
<td>(0.80)</td>
<td>0.73</td>
<td>(0.79)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsidiary performance</td>
<td>6.82</td>
<td>(4.70)</td>
<td>6.26</td>
<td>(4.60)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HQ control</td>
<td>-1.27</td>
<td>(0.75)</td>
<td>-2.25**</td>
<td>(0.82)</td>
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</tr>
<tr>
<td>No. functions</td>
<td>-0.26</td>
<td>(0.99)</td>
<td>0.27</td>
<td>(1.00)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquired unit</td>
<td>-2.45</td>
<td>(2.14)</td>
<td>-0.15</td>
<td>(2.19)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Level 2 independent variables</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expatriate presence</td>
<td>-0.21</td>
<td>(0.24)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HQ-sub shared cognitive ground</td>
<td>1.41*</td>
<td>(0.71)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Values-based PM</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.05*</td>
<td>(0.91)</td>
</tr>
<tr>
<td>Model deviance</td>
<td>6918.18</td>
<td></td>
<td>6870.29</td>
<td></td>
<td>6823.19</td>
<td></td>
</tr>
<tr>
<td>Δ df</td>
<td>10</td>
<td></td>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Δ model deviance</td>
<td>47.89***</td>
<td></td>
<td>47.10***</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

All two-tailed tests. *p ≤ .10, *p ≤ .05, **p ≤ .01, ***p ≤ .001. Unstandardized coefficient estimates with standard errors in parenthesis. Chi-square test on change in deviance statistic indicates improved model fit. N = 90 for unit-level variables, and N = 793 for individual-level variables.
Table 3. Results of *post-hoc* HLM analyses on the antecedents of subsidiary and MNC identification

<table>
<thead>
<tr>
<th>Variable</th>
<th>Subsidiary identification</th>
<th>MNC identification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>5.53** (0.05)</td>
<td>5.43** (0.08)</td>
</tr>
</tbody>
</table>

*Level 1 control variables*

<table>
<thead>
<tr>
<th>Variable</th>
<th>Subsidiary identification</th>
<th>MNC identification</th>
</tr>
</thead>
<tbody>
<tr>
<td>MNC tenure</td>
<td>-0.04 (0.03)</td>
<td>0.04 (0.04)</td>
</tr>
<tr>
<td>Unit tenure</td>
<td>0.07(^\dagger) (0.04)</td>
<td>-0.04 (0.04)</td>
</tr>
<tr>
<td>Identification as talent</td>
<td>0.21** (0.09)</td>
<td>0.22* (0.09)</td>
</tr>
<tr>
<td>Reports to GM</td>
<td>0.02 (0.08)</td>
<td>0.03 (0.08)</td>
</tr>
</tbody>
</table>

*Level 1 independent variables*

<table>
<thead>
<tr>
<th>Variable</th>
<th>Subsidiary identification</th>
<th>MNC identification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross-unit social interaction</td>
<td>0.05* (0.03)</td>
<td>0.05* (0.03)</td>
</tr>
<tr>
<td>No. subordinates</td>
<td>0.12** (0.05)</td>
<td>0.16** (0.05)</td>
</tr>
</tbody>
</table>

*Level 2 control variables*

<table>
<thead>
<tr>
<th>Variable</th>
<th>Subsidiary identification</th>
<th>MNC identification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultural distance</td>
<td>0.00 (0.04)</td>
<td>0.01 (0.04)</td>
</tr>
<tr>
<td>Subsidiary size</td>
<td>0.05 (0.04)</td>
<td>0.00 (0.05)</td>
</tr>
<tr>
<td>Subsidiary performance</td>
<td>0.69** (0.25)</td>
<td>-0.01 (0.27)</td>
</tr>
<tr>
<td>HQ control</td>
<td>-0.13** (0.04)</td>
<td>-0.11* (0.05)</td>
</tr>
<tr>
<td>No. functions</td>
<td>0.03 (0.05)</td>
<td>0.01 (0.06)</td>
</tr>
<tr>
<td>Acquired unit</td>
<td>0.00 (0.12)</td>
<td>-0.00 (0.13)</td>
</tr>
</tbody>
</table>

*Level 2 independent variables*

<table>
<thead>
<tr>
<th>Variable</th>
<th>Subsidiary identification</th>
<th>MNC identification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expatriate presence</td>
<td>-0.02 (0.01)</td>
<td>-0.00 (0.01)</td>
</tr>
<tr>
<td>HQ-sub shared cognitive ground</td>
<td>0.05 (0.04)</td>
<td>0.09* (0.04)</td>
</tr>
<tr>
<td>Values-based PM</td>
<td>0.10* (0.04)</td>
<td>0.11(^\dagger) (0.06)</td>
</tr>
</tbody>
</table>

All two-tailed tests. \(^\dagger\)p \leq 0.10, *p \leq 0.05, **p \leq 0.01, ***p \leq 0.001. Unstandardized coefficient estimates with standard errors in parenthesis. N = 90 for unit-level variables, and N = 793 for individual-level variables.
Of the organizational-level predictors, we hypothesized expatriate presence in the top two tiers of management to be positively related to dual organizational identification. Our results find no support for Hypothesis 3. However, we found that shared cognitive ground between the MNC and the focal unit had a positive and significant impact on dual identification ($\gamma = 1.41, p \leq 0.05$), thus supporting Hypothesis 4. In Hypothesis 5, we predicted a positive relationship between values-based performance management and dual identification. Our results support this final hypothesis ($\gamma = 2.05, p \leq 0.05$).

Out of the control variables, identification as talent was positively and significantly related to dual identification, and headquarters control had a negative and significant effect. All other control variables were non-significant.

Since dual identification in the hypothesized model is operationalized as the multiplicative interaction of MNC and subsidiary identification, we performed additional post-hoc analyses using the two separate foci of identification as dependent variables. These analyses not only help in verifying our findings regarding whether the hypothesized variables are driving increases in both types of identification, but also provide insights into whether these variables are likely to support ‘comparable’ (high-high) or ‘disparate’ (high-low) patterns of dual identification (Vora & Kostova, 2007). The results of the post-hoc analyses (see Table 3) show that with the exception of headquarters-subsidiary shared cognitive ground, the supported hypotheses also had similar positive effects on the two separate foci of identification. In addition to being identified as talent, this would suggest that cross-unit social interaction, number of subordinates and values-based performance management practices are more likely to support comparable levels of dual identification, whereas factors more likely to support disparate identification are headquarters-subsidiary shared cognitive ground (via comparatively greater MNC identification) and subsidiary performance (via greater subsidiary identification).

DISCUSSION AND CONCLUSIONS

In this study we conducted a multilevel analysis to shed light on individual and organizational antecedents of dual values-based identification within foreign subsidiaries. Applying acculturation and organizational socialization theory, our empirical results show that, at the individual level, dual values-based identification is associated with cross-unit social interaction and an individual’s number of subordinates, and at the organizational level, with the use of values-based performance management and the level of headquarters-subsidiary shared cognitive ground. We argue that these findings, and our values-based approach to dual identification more generally, contributes to extant research in important ways, and may be particularly fruitful for fostering and understanding dual identification in the context of MNC subsidiaries.

First, our primary contribution to the literature on dual identification is that we distinguish several universal factors that support both MNC and subsidiary identification simultaneously, rather than separate drivers of each. This brings two advantages. For one, such a focus moves our attention away from differences and barriers to commonalities and enablers that possess the potential to transcend organizational boundaries and create positive outcomes (cf. Stahl et al., 2014; Stahl & Tung, 2015). For the other, the identification of universal factors allows researchers and practitioners to focus on synergistic effects, rather than putting effort into how to facilitate each separately through different and potentially conflicting practices. In terms
of theory, we believe one meaningful way to achieve this is through multilevel theorization and the integration of acculturation and organizational socialization theory, or organizational acculturation (Selmer & de Leon, 1996; 2002). Whilst organizational socialization emphasizes the importance of the social learning environment and organizational-level socialization tactics, acculturation theory acknowledges important individual-level differences in terms of the degree of first-hand contact with different values systems and potentially different acculturation paths.

Second, we argue that a values-based approach is a noteworthy complement to extant SIT-based theorizing about organizational identification. Also reflected in the findings of Reade (2001a), part of this complementarity may lie in values-based identification being particularly well suited to explaining how to foster dual identification through its greater emphasis on higher-order elements that connect and unite entities, whereas SIT-based identification and its emphasis on distinctiveness and group membership continues to be important in understanding identification with more proximate, single entities such as a local subsidiary. Indeed, it appears that when the focus is on values, subsidiary employees tend to draw less of a distinction between the local subsidiary and the MNC, whereas the distinction tends to be greater and subsidiary-oriented when pride in group membership is in question, as it is in SIT-based identification. Rather than seeing these two different theoretical approaches as competing, we maintain that a values-based lens can generate complementary insights that should be examined in more detail.

Third, our focus on values-based identification coincides with the growing trend of individuals looking for meaning, purpose and values compatibility in their work and career choices (e.g. Briscoe & Hall, 2006; Fiol, 1991), and firms putting significant effort into instilling shared corporate values (Evans et al., 2011; Stahl et al., 2012). To this end, our findings suggest that for MNCs who are trying to build their organization around shared values through the dual identification of subsidiary employees, incorporating values into discussions of performance can be beneficial.

A closer look at our empirical findings reveals positive relationships between dual identification and two different kinds of personal experiences at the individual level – horizontal contact via social interaction with colleagues in different parts of the MNC, and an individual’s vertical contact denoted by their number of subordinates. The combined findings reaffirm the central role of interpersonal interaction in organizational identification (e.g. Mael & Ashforth, 1989), but especially identification that emerges from greater exposure to the values of both entities (cf. Selmer & de Leon, 2002). This adds to a growing body of research that emphasizes the importance of contact in superordinate identification, although there are still open questions about the precise mechanisms through which this occurs (Richter et al., 2006). This study lends support to the effects of ‘mere exposure’ (Pettigrew & Tropp, 2006), albeit in what one might consider as ‘high contact’ settings (e.g. committees, training programs). However, there is still scope for further research to specify which kinds of settings are likely to be most beneficial for dual identification, the most optimal frequency of contact, and the precise processes through which contact breeds values-based identification (Pettigrew, 1998).

In terms of organizational-level effects, HQ-subsidiary shared cognitive ground is shown to be positively associated with an individual’s dual identification. Since this was measured based solely on the perceptions of the subsidiary HR manager, we cannot rule out whether perceptions of shared cognitive ground matter more than the ‘actual’ degree to which it is shared. To the extent that employees in foreign subsidiaries are more likely to use subsidiary managers as opposed to managers at headquarters as key sources of learning about subsidiary and MNC values due to the availability of such information
afforded by greater physical proximity, the perceptions of subsidiary managers may in fact be a more important driver of dual identification. Nevertheless, this finding reinforces the importance of the headquarters-subsidiary relational context in shaping individual-level identification, and highlights the potential significance of relational identification in organizational identification (Sluss & Ashforth, 2008). This could also be interpreted as a form of dual identification at the unit level having a positive contextual effect on dual identification at the individual level, albeit via a comparatively greater effect on MNC identification (see the post-hoc analyses). This raises several interesting multilevel questions about the possible interplay between the collective and individual levels of dual identification (cf. Hitt, Beamish, Jackson, & Mathieu, 2007; see also Ashforth et al., 2008), either in terms of ‘top-down’ contextual effects on individual-level values and perceptions, or the role of ‘bottom-up’ social interaction in facilitating the emergence of a dual identification climate (Barney & Felin, 2013).

The finding that the use of values-based performance management is associated with dual identification provides empirical support for the benefits of integrating organizational values into HRM practices (Michailova & Minbaeva, 2012). Despite some of the skepticism that surrounds the viability of corporate culture as a tool for MNC control and socialization (e.g. Welch & Welch, 2006), our results imply that the increasing efforts by MNCs to use core HRM practices such as performance management as vehicles for promoting values-based identification are capable of producing the desired effect. The lack of support for expatriate presence, however, could be attributed to persistent questions surrounding where expatriates’ greater identification and loyalties lie (Gregersen & Black, 1992; Banai & Reisel, 1993; Ishii, 2012). Our findings suggest that learning from expatriates with potentially complex and disparate identifications will not have a straightforward contextual effect on an individual’s dual identification. Our operationalization of expatriate presence as including third- and parent-country nationals leaves open the possibility that third-country nationals in particular, whilst themselves being theoretically interesting and warranting further study (Reade, 2001a; Vora et al., 2007), might be problematic referents and sources of learning about the MNC and the subsidiary (Toh & DeNisi, 2003). Although our data did not allow us to examine this, the findings highlight the need for research to incorporate the characteristics, experiences and behaviors of expatriates, as well as host-country managers (Toh & DeNisi, 2007), in determining their effectiveness as MNC and subsidiary socialization agents (Morrison, 2002).

Finally, the finding that three of the independent variables in our study (social interaction, number of subordinates, and values-based performance management) were positively related to independent measures of MNC and subsidiary identification (see Table 3), allows us to speculate about the relationship between the two foci of identification, or the ‘form’ of dual identification (Vora & Kostova, 2007). The effects, which were slightly stronger for MNC identification, point to the intriguing possibility that individuals’ values-based identification with the subsidiary may be ‘nested’ within identification with the MNC. Despite widespread support for individuals identifying more strongly with lower order entities and thus for studies to maintain distinctions between loci of identification, Ashforth et al. (2008) list conditions under which higher order entities may remain more salient. In addition to conditions such as high status, uniqueness and centralization, our study suggests that when the focus of identification is on values, the MNC as the higher order entity may be more salient. This might at least partly be due to espoused values and the values-based management practices charged with instilling them being typically constructed around corporate/MNC values, not subsidiary values. Whilst acknowledging the questions that have been raised about the accuracy of Kogut and Singh’s (1988) measure of cultural distance (e.g. Shenkar, 2001),
the non-significant effect of our cultural distance control variable implies that its suggested effects on the form of dual identification (Vora & Kostova, 2007) may not be straightforward. However, more research that is able to capture directly and explain the relationship between the two foci of identification is clearly needed.

Reflected in our confirmatory factor analysis of the MNC and subsidiary identification measures, this study nevertheless seems to support the common finding that multiple identifications in organizational contexts tend to be positively correlated and overlapping (e.g. George & Chattopadhyay, 2005; Riketta, 2005; Ulrich et al., 2007). This points to the potential existence of identity convergence and combination processes, or ‘synergistic’ responses to multiple organizational identities (Pratt & Foreman, 2000), which reinforces the need to develop models of multiple identification, as we have done, in addition to independent models for each target of identification (Ashforth et al., 2008).

Practical Implications

In light of the speed and magnitude of organizational change characteristic of today’s business environment, we argue that a better understanding of the factors that drive individuals to identify with organizational values is important not only in terms of employer branding (Edwards, 2010) and newcomer induction (Morrison, 2002), but also in terms of what drives values-based identification on an ongoing basis. What is more, values are likely to be a more enduring basis of identification, and also potentially more appealing to younger generations entering the workforce (Winter & Jackson, 2014) than group membership alone. Finding ways to foster dual identification over and above the challenges of group membership alone. Finding ways to foster dual identification over and above the challenges of group membership is particularly important for matrix-type organizations (Bartlett & Ghoshal, 1990) and during episodes of restructuring and change (van Dick, 2004).

Our study suggests some practical means of achieving this. First, our findings confirm the important role of socialization tactics that emphasize social interaction (e.g. Cable & Parsons, 2001). Whilst senior managers may be subjected to this as a function of their boundary spanning positions, for those that are not and for professionals in non-managerial positions, MNCs could try to replicate these experiences through the greater use of what Caligiuri and Tarique (2009) refer to as high contact cross-cultural leadership development experiences. Examples of these include employee mobility, horizontal coordination mechanisms (e.g. involvement in cross-border teams), and ‘split egg’ roles (Evans et al., 2011) that put people together from different parts of the MNC and give them responsibilities for initiatives that require ‘big picture’ thinking.

Further, given the organizational level effects we found for HQ-subsidiary shared cognitive ground, the acculturation and socialization of subsidiary top managers should be given special attention. Our findings suggest that when subsidiary top management possesses a deep and shared understanding of the goals and values of headquarters, this can serve as a supportive context for dual organizational identification to emerge amongst individuals within unit, but that these top management socialization agents do not necessarily need to be expatriates who perform no better than host-country nationals in this regard. We also note the importance of communication quality in providing information that individuals can use to answer questions about the self and the organizational identity (Ashforth & Saks, 1996; Smidts et al., 2001; Zhang et al., 2006). One seemingly effective means of moving from values espousal to values-based
identification suggested by our study is ‘putting money where your mouth is’ and integrating values into performance management (see e.g. Stahl et al., 2012). This will not only serve to make values more visible, but will enable employees to have the salience of values explained to them in connection with individual and organizational performance.

Limitations and Future Research

The above findings must be viewed in light of the study’s limitations, which themselves offer potentially fruitful avenues for future research on values-based identification in MNCs. First, the study relies on cross-sectional data which is not an ideal basis on which to base claims of causality. For instance, one could argue that those promoted to positions with more subordinates are likely to have at least partly earned those promotions through their greater identification with organizational values. In a similar vein, although we focused on both managers and professionals, these groups nevertheless represent white-collar workers. Further theoretical and empirical work on the dual identification of individuals lower down the MNC subsidiary hierarchy is warranted, as we do not know whether it actually improves job performance in different organizational, group and job settings. Future studies could add to the sparse qualitative-based literature on organizational identification by delving deeper into individuals’ cognitive thought processes (e.g. Pratt, 2000), and could include efforts at disentangling the self-referential and self-defining paths to MNC and subsidiary identification (Ashforth et al., 2008; Pratt, 1998). Longitudinal data could also be used to study patterns of dual identification over time (Selmer & de Leon, 2002), and how identification or dis-identification emerges when individuals hold divergent values (Besharov, 2014).

Secondly, although the subsidiaries included in the study’s sample covered a large number and distribution of countries and national cultures, the subsidiaries all belonged to MNCs from one of the Nordic countries. This may explain some of the findings, in particular those relating to MNC identification, and limit generalizability to MNCs from other countries of origin. Taken together with the insignificant relationship between our control variable of cultural distance and identification, future research should look deeper into the effects of national culture and specific dimensions of culture on, for example, self-concept orientations and identification motives (Cooper & Thatcher, 2010), and the relationship between the two identifications (Vora & Kostova, 2007). Alternatively, research could focus on other national- or societal-level factors such as the ‘dominance effect’ and perceptions regarding the superiority of certain values systems (Pudelko & Harzing, 2007), and the tendency for MNCs from certain countries to use tools of social control, for example in countries such as Sweden (Larsson & Lubatkin, 2001), exemplified in cases such as Ikea (Stahl et al., 2012).

Thirdly, whilst the study included individual- and organizational-level variables, these are not exhaustive and variables relating to the MNC were not included. This limitation was reflected in the measure for headquarters-subsidiary shared cognitive ground being based solely on the perceptions of the subsidiary HR manager, and the ‘number of subordinates’ variable was based on an artificial categorization. Future studies should go beyond our study and include a more holistic range of variables that include MNC-level variables such as strategy, structure, industry, and the use of cultural control. Individual-level variables could also go on to include different aspects of a person’s disposition (e.g.
personality, self-efficacy, protean career orientation) and their personal experiences (e.g. cross-boundary work and career moves).

Lastly, since the focus of this study was on explaining simultaneous increases in MNC and subsidiary identification, we adopted a multiplicative measure of dual identification. Despite running additional post-hoc analyses on each focus of identification, this unfortunately did not allow us to investigate the relative magnitude of dual identification (Vora & Kostova, 2007) and we suggest that a closer examination of disparate patterns (i.e. high-low) of dual identification would be an interesting avenue for future research. Future studies could also include relational identification (i.e. with the supervisor or other members of the group) in order to verify whether the subsidiary and the MNC are in fact the most theoretically salient loci of identification in MNC subsidiaries (Sluss & Ashforth, 2008). In fact, an important question remains in how we can better incorporate the inherent complexity of modern MNC organizational structures (such as global hybrid and matrix designs, or regional and divisional headquarters) into studies on where identities are nested (Ashforth et al., 2008), and the extent to which different kinds of horizontal coordination mechanisms (e.g. virtual and cross-functional teams) cut across this nesting.

NOTES

1. Identification has in previous research been linked to the concepts of organizational commitment (Ashforth et al., 2008; Edwards, 2005) and person-organization fit (Cable & Judge, 1996; Chatman, 1989). Whilst inter-related, the main differences are that values-based organizational identification is self-referential and focuses on perceived similarities in values, whereas organizational commitment is a broader concept that includes the extent to which an individual intends to participate in an organization (i.e. to stay and exert effort) as well as identify with it (Riketta, 2005). Person-organization fit is also much broader (Pratt, 1998), and unlike P-O fit, identification involves individuals using organizations that they see as similar to themselves to refer to themselves (Dutton et al., 1994).

2. We unfortunately did not have the kind of data necessary to test for what Vora and Kostova (2007) refer to as the ‘form’ of identification, i.e. whether the relationship between the two targets of identification is ‘compound’, ‘nested’ or ‘distinct’. Our assumption is based on the prevailing view that employees are able to identify simultaneously with more than one organizational entity (e.g. Ashforth & Johnson, 2001; Hornsey & Hogg, 2000).

3. In order to test for the non-linearity of tenure, we ran the model with the tenure-squared term for both MNC and subsidiary tenure, but they were not significant. We therefore did not include these in the final model.

4. For robustness purposes, we entered distance measures for each of the 9 individual cultural dimensions in separate analyses. The results of the analyses were that none of the individual dimensions were significantly related to dual identification except for ‘future orientation’, which was positively related with dual identification at the p<0.05 level. None of the individual culture dimensions significantly affected the strength of the relationships between dual identification and the independent variables.

5. Based on a suggestion from one of the anonymous reviewers, we ran additional analyses with each of the subsidiary functions as dummies in order test for whether a specific function, as opposed to the breadth of functions, influenced identification. The results were non-significant so we retained the additive measure.
REFERENCES


US AND THEM:
DISENTANGLING FORMS OF DUAL IDENTIFICATION IN MNCS

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Unpublished essay

ABSTRACT

When employees see their own unit and the MNC as essentially the same rather than two separate entities, they are more likely to engage in behaviors that benefit both synergistically. Such dual identification, however, has proved difficult to examine empirically. We introduce an innovative methodology for examining forms of dual identification in MNCs, and identify three empirical forms – single, overlapping and coupled. Our findings suggest that the drivers of form may not be the same as those of the level of dual identification. This research demonstrates differences from previous theoretical work, and provides insight into how and when MNCs might manage the development of dual identification.

Keywords: dual organizational identification, MNC, form of identification, drivers/antecedents

INTRODUCTION

Organizational identification – defined as a “perception of oneness with or belongingness to an organization” (Mael & Ashforth, 1992: 104) – is associated with many benefits such as cooperation, trust, social capital creation, retention, and citizenship behaviors (e.g., Abrams, Ando & Hinkle, 1998; Ashforth & Mael, 1996; Dutton, Dukerich, & Harquail, 1994; Kramer, 1993; Mael & Ashforth, 1992; Reiche, 2007, 2009). Nowhere is such identification more important than in multinational corporations (MNCs), which due to their complexity must rely on a variety of informal mechanisms to support formal control (e.g. Edström & Galbraith, 1977; Martinez & Jarillo, 1991; Nohria & Ghoshal, 1994; Welch & Welch, 2006). In particular, MNC employees with dual identification – who identify not only with their own unit but also with the firm as a whole (Ashforth, Harrison, & Corley, 2008) – experience less role conflict (Vora, Kostova & Roth, 2007), cope better with international assignments (Ishii, 2012), and are better boundary spanners (Barner-Rasmussen, Ehrnrooth, Koveshnikov
& Mäkelä, 2014). These individual-level benefits are important drivers of subsidiary-parent cooperation and knowledge transfer (Vora & Kostova, 2007).

What we know much less about is the way in which employees actually identify with both their own unit and the firm as a whole – in other words, how the two identification foci relate to each other in employees’ minds, and why. Previous work has predominantly focused on the level, or relative magnitude, of each of the identification foci (Vora et al., 2007; Smale, Björkman, Ehrnrooth, John, Mäkelä & Sumelius, 2015); yet, form – the extent to which the subsidiary and MNC are experienced as essentially one versus two separate entities – may be equally if not more important (Vora & Kostova, 2007). When employees see their own unit and the MNC as one whole rather than two separate entities, they are likely to make decisions and engage in behaviors that benefit both synergistically. Conversely, even if individuals have high identification with both their own unit and also with the MNC as a whole, but perceive these two organizational entities as separate, they may end up sub-optimizing separate goals. Getting employees to think and act in such synergistic ways is imperative for the creation a globally integrated and coordinated organization (Bartlett & Ghoshal, 1998). At the same time, dual identification is neither straightforward, nor to be automatically expected in the MNC context, since geographical, cultural and linguistic boundaries create powerful psychological barriers that are difficult to cross (Carlile, 2004; Mäkelä, Kalla & Piekkari, 2007; Monteiro, Arvidsson & Birkinshaw, 2008).

This paper provides what we believe is the first empirical examination of the form of dual organizational identification in the MNC context. We use an innovative methodology to inductively identify different forms of dual identification held by 60 employees of four Finnish multinationals with regard to their own unit and the MNC as a whole. After finding three distinct forms of identification – “single” (identification with only one entity); “overlapping” (primary identification with one entity with some identification with the other); and “coupled” (identification with both entities) – we then go on to examine factors that drive individuals to have a certain form.

Our research contributes to the literature in several ways. First, we develop a novel empirical approach for determining form of dual identification. Despite its potential relevance for outcomes such as boundary spanning, collaboration and knowledge sharing, previous research has found it difficult to empirically address form of dual identification. Our method of focusing on pronoun usage is a notable contribution as it presents an alternative method for examining how “parts of speech generally taken for granted can reflect and convey important meaning about a person’s organizational identification” (Cramer & Schuman, 1975: 232). In line with the work of Perdue et al. (1990) we believe this to be a fruitful way of studying group membership that deserves further research attention.

Second, our inductive approach, which takes as its starting point how interviewees discuss their own unit and the MNC, enables us to gain new insights regarding what drives employee identification with the MNC and/or the subsidiary. In particular, we found that the drivers of form may not be the same as the drivers of level of dual identification. Previous research has established that the level of identification is driven by a social-identity- and/or values-based factors that lead to a feeling of oneness with the organization (Reade, 2001ab, 2003; Smale et al., 2015). Yet, we found these to be insufficient explanations for form: Whereas level is about an individual’s connection with the organization itself, form seems more related to relationships and interdependencies that create a perception of togetherness or “common fate” (Brewer & Gardner, 1996; Turner & Bourhis, 1996) with other people in the organization.
Third, our empirical findings suggest that single identification may be the base case, or typical form of identification in MNCs, which is then extended to overlapping and further to fully coupled, if or when certain factors are present. This is a small, yet significant difference from existing research, as it challenges the theorization of form of dual identification (Vora & Kostova, 2007), which tends to assume (separate) identification with both foci as a starting point, which then overlap to various degrees.

In what follows, we first discuss organizational identification in general, and dual identification in the MNC context in particular. We then explain our data and methods of quantifying qualitative data in order to detect empirical patterns of form of identification. Third, having observed three forms of dual identification empirically, we set out to explore potential drivers of these differences. We conclude by discussing our findings as well as potential contributions to theory and practice.

**DUAL ORGANIZATIONAL IDENTIFICATION**

Organizational identification refers to a relationship between a person and an organization, and includes aspects such as a sense of belongingness, shared interests or objectives, and seeing the organization as a part of one’s self-concept (Brown, 1969; Lee 1969; Patchen, 1970). The relatively recent surge of interest in the topic was sparked by Ashforth and Mael’s (1989) seminal article, which applied social identity and self-categorization theory to the organizational context and defined organizational identification as a cognitive construct whereby individuals perceive themselves as being linked to the organization and view their fate as intertwined with it.

Subsequently, research on the topic has branched out in several directions, of which one important area of inquiry is dual organizational identification. Dual identification, an individual’s identification with two different entities simultaneously, has been explored in the literature with regard to a variety of contexts, such as an identification with a focal organization in combination with one’s profession, career, client, work group or unit (e.g. George & Chattopadhyay, 2005; Heckman, Bigley, Steensma, & Hereford, 2009; Reade, 2001ab; van Dick, Wagner, Stellmacher & Christ, 2004; van Knippenberg & van Schie, 2000; Webber, 2011). While such foci are interesting and important, the context that is particularly relevant to an international business audience concerns dual organizational identification in an MNC setting.

Perhaps the first researcher to explore organizational identification in MNCs was Reade (2001ab, 2003), who found that employees identify with both their own unit and the MNC as a whole, although identification tended to be stronger with the local (subsidiary) unit than the less proximal MNC. Consequent research has identified a number of organizational and individual level antecedents that drive the extent of identification with each foci, including factors such as prestige and distinctiveness of the global and local organizations, supervisor support and career advancement opportunities, talent management, cross-unit social interaction and headquarters-subsidiary shared cognitive ground (Björkman, Ehrnrooth, Mäkelä, Smale & Sumelius, 2013; Reade 2001b; Smale et al., 2015; Vora, Kostova & Roth, 2005).

Extending the growing body of MNC-related work, Vora and Kostova (2007) developed a conceptualization of dual organizational identification that consisted of two components: relative magnitude and form. Relative magnitude measured the extent of identification in comparative rather than absolute levels (c.f. Reade, 2001a): an individual can identify with two entities either to a similar extent (ranging from low to
high) or more with one than the other. Form of dual organizational identification, in turn, concerned the consciously or subconsciously perceived degree of overlap in a person’s identification foci that was unrelated to their level of identification; these ranged from distinct: individuals identify with two entities, but separately, to compound: individuals perceive some overlap between the two entities, and nested: individuals simultaneously identify with both entities and see one as superordinate to the other (Vora & Kostova, 2007; see Figure 1).

![Figure 1: Vora & Kostova’s (2007) Theoretical Forms of Identification](image)

As discussed, the form of dual identification may be an equally if not more important driver of synergistic collaboration and global integration than its magnitude, given that employees are more likely to engage in synergistic behaviors when they see their own unit and the MNC as one whole rather than two separate entities – regardless of the level of identification with each. Yet, although recent literature has made considerable progress in examining levels of dual identification (e.g. Reade, 2001ab; Smale et al., 2015; Vora et al., 2007), previous research has found it difficult to empirically investigate form. In what follows, we address this important void in the literature using an innovative methodology based on respondents’ pronoun usage, in which we first identify and validate three different forms of identification, and then explore their underlying drivers.

**METHODOLOGY**

**Data Collection**

The qualitative data for this study consists of 60 semi-structured interviews conducted within a large-scale research project in four Finnish MNCs, the overall theme of which was inter-unit interaction between corporate headquarters and focal subsidiaries in China and Russia. Although the MNCs (which we refer to as A, B, C and D) are from different industries (process manufacturing, telecom, consumer goods, and chemical industry, respectively), they are similar in terms of being headquartered in Finland and having major, strategically important operations in the key emerging markets of either China (A, B) or Russia (C, D). The strategic importance of the focal subsidiaries and the frequent interaction between them and the headquarters were key criteria in identifying the case firms and are important aspects of the empirical setting, as dual identification is more likely to be manifested in such contexts.
The interviews were conducted with top, middle and line managers located either at the corporate headquarters in Finland or in the Chinese or Russian subsidiaries. All interviewees were actively involved in inter-unit interactions (see Table 1 for a summary of our data sample). The initial interviewees were identified through our company contact persons (either in HR or Corporate Development Departments). Thereafter, a snowballing method was used so that we asked our interviewees who else was involved in the focal inter-unit interactions, until a data saturation point was reached (i.e., we could not identify any further individuals involved in the interactions). The interviews lasted between 45 and 120 minutes and were conducted face-to-face using English as the interview language. English was the official corporate language of all four firms, and interviewees were all fluent or relatively fluent in English. All interviews were audio recorded and transcribed.

Table 1: Sample Location Details

<table>
<thead>
<tr>
<th>Company</th>
<th>Subsidiary</th>
<th>Headquarters Interviewees</th>
<th>Subsidiary Interviewees</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>MNC A</td>
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<td>3</td>
<td>12</td>
<td>15</td>
</tr>
<tr>
<td>MNC B</td>
<td>China</td>
<td>5</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>MNC C</td>
<td>Russia</td>
<td>8</td>
<td>10</td>
<td>18</td>
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<td>MNC D</td>
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<tr>
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<td></td>
<td>17</td>
<td>43</td>
<td>60</td>
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</tbody>
</table>

Although we focus on forms of organizational identification in this paper, none of the interviewees were asked any direct questions about identification. Our original inquiry, rather, focused on issues the interviewees deemed relevant to their own work, which in all cases involved collaborations across the headquarters-subsidiary boundary. Upon reviewing the interviews, however, we noticed that the way in which different interviewees referred to the MNC on the one hand, and the subsidiary on the other, varied notably, particularly in terms of which pronouns they used. This intriguing initial observation led us to develop a systematic method of examining organizational identification based on their pronoun use (see next section).

It is relevant to note that this absence of direct questioning about organizational identification is important for two reasons. First, the emergence of both MNC and subsidiary identification from the data means that both entities were relevant and appropriate identification foci for the interviewees (rather than being assumed a-priori). Second, since interviewees were encouraged to give many examples throughout, the interviews provided a rich set of unprompted yet contextualized data, from which we can extract pronouns (Barner-Rasmussen et al., 2014; Scandura & Williams, 2000).

Data Analysis

The process of analyzing our data can be described as an iterative set of processes (Bryman, 2015), in which the data is revisited repeatedly and the understanding of it develops and deepens in parallel with the emergence of new questions and more complex links (Berkowitz, 1997). In what follows, we describe each phase separately (Barley, Meyerson & Grodal, 2011), but it should be noted that the iterative nature of the analytic processes meant that in practical terms there was some overlap between the phases.
Phase 1: Reading the data and developing a coding scheme. When reading the interview transcripts, we observed that the interviewees consistently referred to the MNC (or the corporate headquarters, see below) and the subsidiary with the pronouns “we” and/or “they.” This use of we/they struck us as highly relevant for two reasons. One is that theoretically, individuals who identify with an organization define themselves in terms of the organization, and personalize its successes and failures (Mael & Ashforth, 1992). Thus, we might expect them to consciously and unconsciously use the pronouns “we” and “they” to provide situational cues about their oneness with or difference from each organizational foci. Second, their use of these pronouns seemed consistent with an item in Mael and Ashforth’s (1992: 122) measure of organizational identification: “When I talk about [the firm], I usually say ‘we’ rather than ‘they.’” These observations prompted us to embark on a systematic analysis focusing on how our interviewees used these pronouns and their derivatives in reference to the MNC and the focal subsidiary.

Phase 2: Coding. We started the coding by highlighting all instances in the transcripts where the interviewees used the pronoun “we” or associated terms (“us,” “our,” “ours,” “ourselves”) and “they” or associated terms (“them,” “their,” “theirs,” “themselves”) in reference to the subsidiary or the MNC. All other instances of “we” and “they” oriented pronouns were excluded from our study; for example, references to departments or functions as “we” or competitors as “they” were excluded, since these did not refer to the foci of interest.

Two additional observations were made in this process, which led us to extend the coding scheme. First, both headquarters and subsidiary employees seemed to frequently equate corporate headquarters with the MNC (e.g., “at MNC D, they...”, “Here in MNC A, we...”) and, after in-depth consideration, we included these instances in the MNC category with the rationale that firm-level decisions are in almost all cases made at headquarters, thereby making it very difficult to differentiate between the MNC and its headquarters. Second, we noticed that when interviewees used the term “we,” they seemed at times to be talking about or on behalf of both the MNC and the subsidiary at the same time, in a way that the two seemed intertwined or that the unit was denoted to act as an agent of the firm (e.g., “Our capabilities in China”). We coded these instances as “we-BOTH.” Although theoretically feasible, we did not find any instances where interviewees referred to both the MNC and subsidiary as “they.” We therefore do not have a “we-THEY” coding category. Please see Table 2 for examples on how we coded our data.

In order to ensure the quality of our coding and thereby the outcome validity of our study, we viewed triangulation between investigators as imperative (Andersen & Skaates, 2004). To ensure inter-coder reliability, we started the coding process in such a way that the four co-authors of this paper each separately coded one interview transcript from every company (i.e., four people independently coded the same four interviews, one per company). We then discussed and debated our codes one by one, until we reached >90% inter-rater agreement on how to code instances of “we” and “they” in the four pilot transcripts. The resulting coding rules were followed carefully with subsequent interviews. Each researcher focused on one company in order to maximize contextual understanding. We met frequently throughout the coding phase, and all uncertainties and questions about how to code specific instances were resolved jointly. For particularly challenging interviews, we returned to our initial process of all researchers coding a specific transcript separately, and then discussing the results together in order to reach consensus on how the interview should be coded.

Phase 3: Categorizing. We then proceeded to enter all mentions of “we” and “they” into associated columns (MNC-we, MNC-they, SUB-we, SUB-they, we-BOTH) of an excel
<table>
<thead>
<tr>
<th>Coding Examples</th>
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<tr>
<td><strong>Interview excerpt</strong></td>
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<td><strong>Interviewee</strong></td>
</tr>
<tr>
<td><strong>Interpretation</strong></td>
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<td><strong>Coded as</strong></td>
</tr>
<tr>
<td><strong>Interview excerpt</strong></td>
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<td><strong>Interviewee</strong></td>
</tr>
<tr>
<td><strong>Interpretation</strong></td>
</tr>
<tr>
<td><strong>Coded as</strong></td>
</tr>
<tr>
<td><strong>Interview excerpt</strong></td>
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<td><strong>Interviewee</strong></td>
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<td><strong>Interpretation</strong></td>
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<td><strong>Interview excerpt</strong></td>
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<td><strong>Interviewee</strong></td>
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<td><strong>Interview excerpt</strong></td>
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<tr>
<td><strong>Interpretation</strong></td>
</tr>
<tr>
<td><strong>Coded as</strong></td>
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</table>
spreadsheet for each individual interviewee, together with the respective quotes to maintain a chain of evidence. These “we” and “they” instances were then summed to get total frequency counts of MNC-we, MNC-they, SUB-we, SUB-they and we-BOTH for each individual. The total counts were further simplified in such a way that we deducted the total “they” count from the total “we” count for each locus (i.e. for each interviewee, MNC total was “MNC-we” minus “MNC-they” and subsidiary total was “SUB-we” minus “SUB-they”). At the end of this process, we had three different total counts: (1) MNC total (which was either positive [we > they] or negative [they > we]); (2) subsidiary total (again positive or negative); and (3) we-both total (only positive, as we did not observe any instances of they-both where both the MNC and subsidiary were being referred to at the same time as “they”).

This approach of autonomous counting, or quantifying qualitative data, provided us with a way of getting an overview of and detecting patterns in our data (Hannah & Lautsch, 2011; Silverman, 2015). As Bryman and Burgess (2001) argue, few reports of qualitative research integrate counts or percentages, which is somewhat surprising considering the potential of this kind of approach to enhance our understanding of the salience of different patterns in large sets of qualitative data. The patterns of the three totals varied substantially between the interviewees and we found that we could classify interviewees into three distinct categories, which will be discussed in more detail below. To further validate the categorizations, we then triangulated the quantified analysis carefully with our qualitative understanding of the individuals, and found that our qualitative understanding matched the quantitative groupings in almost all cases. Tables 3 through 5 show the final counts of MNC-we, MNC-they, SUB-we, SUB-they and we-BOTH for the individuals in each category.
<table>
<thead>
<tr>
<th>Interviewee</th>
<th>Company</th>
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<th>Tenure (years)</th>
<th>Hierarchical Position(^a)</th>
<th>Employee Location(^b)</th>
<th>Expatriate(^c)</th>
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<th>References to Subsidiary</th>
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</table>

\(^a\) Hierarchical position: 1=CEO, 2=functional/unit head, 3=lower level; \(^b\) Employee location: S=Subsidiary, HQ=Headquarters; \(^c\) Expatriates: includes both MNC-home-country nationals and third-country nationals
Table 4: Overlapping Identification Category Frequency Counts

<table>
<thead>
<tr>
<th>Interviewee</th>
<th>Company</th>
<th>Gender</th>
<th>Tenure (years)</th>
<th>Hierarchical Position(^a)</th>
<th>Employee Location(^b)</th>
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<tr>
<td>40</td>
<td>MNC C</td>
<td>M</td>
<td>4</td>
<td>1</td>
<td>HQ</td>
<td>No</td>
<td>254</td>
<td>2</td>
<td>252</td>
</tr>
<tr>
<td>41</td>
<td>MNC C</td>
<td>F</td>
<td>5</td>
<td>2</td>
<td>HQ</td>
<td>No</td>
<td>254</td>
<td>0</td>
<td>254</td>
</tr>
<tr>
<td>42</td>
<td>MNC C</td>
<td>M</td>
<td>30</td>
<td>2</td>
<td>HQ</td>
<td>No</td>
<td>205</td>
<td>0</td>
<td>205</td>
</tr>
<tr>
<td>43</td>
<td>MNC B</td>
<td>M</td>
<td>9</td>
<td>1</td>
<td>HQ</td>
<td>No</td>
<td>145</td>
<td>0</td>
<td>145</td>
</tr>
<tr>
<td>44</td>
<td>MNC B</td>
<td>F</td>
<td>1</td>
<td>3</td>
<td>HQ</td>
<td>No</td>
<td>85</td>
<td>3</td>
<td>82</td>
</tr>
</tbody>
</table>

\(^a\) Hierarchical position: 1 = CEO, 2 = functional/unit head, 3 = lower level

\(^b\) Employee location: S = Subsidiary, HQ = Headquarters

\(^c\) Expatriates: includes both MNC-home-country nationals and third-country nationals
Table 5: Coupled Identification Category Frequency Counts

<table>
<thead>
<tr>
<th>Interviewee</th>
<th>Company</th>
<th>Gender</th>
<th>Tenure (years)</th>
<th>Hierarchical Position^a</th>
<th>Employee Location^b</th>
<th>Expatriate^c</th>
<th>References to MNC</th>
<th>References to Subsidiary</th>
<th>WE-BOTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>45</td>
<td>MNC B</td>
<td>M</td>
<td>7</td>
<td>3</td>
<td>S</td>
<td>No</td>
<td>14 4 10</td>
<td>24 0 24</td>
<td>240</td>
</tr>
<tr>
<td>46</td>
<td>MNC B</td>
<td>F</td>
<td>2</td>
<td>3</td>
<td>S</td>
<td>No</td>
<td>2 3 -1</td>
<td>31 0 31</td>
<td>154</td>
</tr>
<tr>
<td>47</td>
<td>MNC B</td>
<td>F</td>
<td>4</td>
<td>3</td>
<td>S</td>
<td>No</td>
<td>50 12 38</td>
<td>150 0 150</td>
<td>69</td>
</tr>
<tr>
<td>48</td>
<td>MNC B</td>
<td>M</td>
<td>3</td>
<td>3</td>
<td>S</td>
<td>No</td>
<td>63 2 61</td>
<td>85 0 85</td>
<td>40</td>
</tr>
<tr>
<td>49</td>
<td>MNCA</td>
<td>M</td>
<td>8</td>
<td>1</td>
<td>S</td>
<td>Yes</td>
<td>5 0 5</td>
<td>191 0 191</td>
<td>36</td>
</tr>
<tr>
<td>50</td>
<td>MNC A</td>
<td>M</td>
<td>5</td>
<td>2</td>
<td>S</td>
<td>Yes</td>
<td>41 8 33</td>
<td>71 9 62</td>
<td>34</td>
</tr>
<tr>
<td>51</td>
<td>MNC B</td>
<td>F</td>
<td>0.5</td>
<td>3</td>
<td>S</td>
<td>No</td>
<td>18 6 12</td>
<td>71 0 71</td>
<td>22</td>
</tr>
<tr>
<td>52</td>
<td>MNC B</td>
<td>M</td>
<td>7</td>
<td>3</td>
<td>S</td>
<td>No</td>
<td>9 0 9</td>
<td>95 0 95</td>
<td>16</td>
</tr>
<tr>
<td>53</td>
<td>MNCA</td>
<td>M</td>
<td>8</td>
<td>2</td>
<td>S</td>
<td>Yes</td>
<td>2 0 2</td>
<td>65 0 65</td>
<td>16</td>
</tr>
<tr>
<td>54</td>
<td>MNC B</td>
<td>M</td>
<td>3</td>
<td>2</td>
<td>S</td>
<td>Yes</td>
<td>14 16 -2</td>
<td>57 0 57</td>
<td>11</td>
</tr>
<tr>
<td>55</td>
<td>MNC B</td>
<td>M</td>
<td>2</td>
<td>3</td>
<td>S</td>
<td>Yes</td>
<td>48 2 46</td>
<td>12 0 12</td>
<td>93</td>
</tr>
<tr>
<td>56</td>
<td>MNCA</td>
<td>M</td>
<td>15</td>
<td>1</td>
<td>S</td>
<td>Yes</td>
<td>67 1 66</td>
<td>29 0 29</td>
<td>47</td>
</tr>
<tr>
<td>57</td>
<td>MNCA</td>
<td>M</td>
<td>12</td>
<td>2</td>
<td>S</td>
<td>Yes</td>
<td>188 0 188</td>
<td>21 0 21</td>
<td>41</td>
</tr>
<tr>
<td>58</td>
<td>MNCA</td>
<td>M</td>
<td>27</td>
<td>1</td>
<td>S</td>
<td>Yes</td>
<td>96 0 96</td>
<td>14 14 0</td>
<td>145</td>
</tr>
<tr>
<td>59</td>
<td>MNCA</td>
<td>M</td>
<td>17</td>
<td>3</td>
<td>S</td>
<td>Yes</td>
<td>77 0 77</td>
<td>0 0 0</td>
<td>37</td>
</tr>
</tbody>
</table>

Outlier

| 60          | MNC B   | M      | 0.5            | 3                      | S                   | No           | 65 3 62          | 33 0 33                  | 2       |

^a Hierarchical position: 1=CEO, 2=functional/unit head, 3=lower level
^b Employee location: S=Subsidiary, HQ=Headquarters
^c Expatriates: includes both MNC-home-country nationals and third-country nationals
FORMS OF IDENTIFICATION

We found three distinctive patterns of identification in our data. The first group consisted of individuals who had a positive total count for either MNC or subsidiary, a negative total for the other, and no or very few (2 or less) observed instances of we-BOTH. In other words, they predominantly referred to one entity as “we,” the other as “they,” and had none or very few instances of referring to both simultaneously as “we.” Moreover, the “we” statements referred to the most proximate entity (the subsidiary for subsidiary employees, and the MNC for headquarters employees). Thus, the respondents in this group appeared to see the MNC and subsidiary as separate, identifying only with the entity cognitively closest to them, with very little or no evidence of overlap in their identification. We call this first group “single”, as they do not seem to display dual organizational identification.

This first category consisted of 27 individuals in total (45% of all individuals in our data set), comprising 16 subsidiary employees and 11 headquarters employees, making it the largest of the three categories we observed. Although all of these individuals, like all our respondents, were actively involved in headquarters-subsidiary interactions, they nevertheless seemed to make a clear cognitive distinction between the two foci. This form of identification is displayed in Figure 2a.

The second, “overlapping” category, also had a positive total count for one entity (either MNC or subsidiary) and a negative for the other, but this was combined with more than two observations of we-BOTH. In other words, while respondents in this group predominantly used “we” in reference to one entity (again, the one closest to them) and “they” for the other, they also had a substantial number of instances where they used “we” to simultaneously refer to both the subsidiary and MNC, suggesting a degree of overlap in identification between the two. 11 subsidiary employees and 6 headquarters employees belonged to this category (n = 17; 28% of all individuals in the data set). This form is illustrated in Figure 2b.

Lastly, the third category had a positive total score (i.e. we > they) for both entities and more than 2 mentions of we-BOTH. In this “coupled” category, individuals appeared to identify with both foci, and also displayed substantial overlap in identification between them. In some cases, the overlapping component of we-both was predominant (e.g., for one subsidiary employee in MNC B we coded 240 instances of we-BOTH, and only 10 MNC-we and 24 SUB-we instances). 15 subsidiary employees (25% of all individuals in the data set), but no headquarters employees, belonged to this “coupled” category, displayed in Figure 2c.
In sum, with the exception of six expatriates, all of our interviewees had their primary identification with the organizational entity that was most proximate to them. In addition, some individuals in our sample identified with the other entity either partially (the “overlapping” form shown as we – we-BOTH – they in Figure 2b) or fully (the “coupled” form shown as we – we-BOTH – we in Figure 2c). Considering that almost half our interviewees had single identification, it seems that identification with one’s “own” entity only may be the base-case of identification in the MNC context (Reade, 2001a; van Knippenberg & van Schie, 2000). However, the observed variation in the extent to which interviewees also refer to the other organizational entity as “we” (and to both units
simultaneously as “we-BOTH”), suggests that this single identification may extend to different degrees of dual identification, thus changing form over time. Our cross-sectional data does not allow us to observe the process through which this may happen, but in the next section we empirically identify drivers that are associated with each form.

The notion of forms of identification extending to increasing levels of overlap is consistent with Vora & Kostova’s (2007) theoretical conceptualization of form. Where we depart from their work is by empirically showing that the starting point is not two distinct identifications (we – we), but rather single identification (we – they), which is then extended to another entity either partially (we – we-BOTH – they) or fully (we – we-BOTH – we). In our empirical data, we did not observe two distinct identifications in which individuals identified with both the MNC and subsidiary (we–we) separately (with an exception of one outlier; see Endnote ii). Thus, whilst we need more research to validate our findings, they suggest that at least in the MNC context distinct identifications with two organizational entities are rare.

These findings led us to ask the intriguing question of what factors drive such an extension of identification. In other words, why does the identification of some individuals extend to a coupled form (we – we-BOTH– we), when others in the same context(s) retain a single identification form (we – they), or at most have an overlapping component (we – we-BOTH– they)? We turn to this question next.

**DRIVERS OF FORMS OF IDENTIFICATION**

We began this second part of our analysis by examining whether we could find any differences in the characteristics of the individuals across the three form categories. We started with an exploratory qualitative analysis, reviewing interviewees’ MNC, gender, tenure, hierarchical position, location (headquarters or subsidiary), and expatriate status (see Tables 3-5). This initial examination yielded several interesting observations. First, all individuals in the “coupled” category were either expatriates (parent or third country nationals), or local MNC B host country nationals. There were no expatriates in the “overlapping” category, and only two expatriates in the “single” category. In addition, all individuals in the “coupled” category were located in the subsidiary, whereas the other two categories included both headquarters and subsidiary employees.

We validated these observations quantitatively with cross-tabulation and discriminant function analyses. Chi-squared tests confirmed significant differences in form of identification between expatriates and host country nationals ($\chi^2 = 17.2; p < .001$), between respondents located in the headquarters or subsidiary ($\chi^2 = 7.8; p < .05$), and between the four firms in our sample ($\chi^2 = 22.3; p < .001$). It was equally interesting that the other descriptive characteristics did not seem to be associated with group differences: hierarchical position (categorized as CEO, functional/unit head, and lower level; $p=.24$) and gender ($p=.33$) were not significant, and neither was the discriminant function analysis for the continuous variable tenure ($p=.36$). The cross-tabs and discriminant function analyses can be found in Table 6.
In seeking to explain these significant findings, we first turned to social identity theory (SIT), which has predominantly been used as an explanation for organizational identification. SIT concerns perceived organizational membership in both the local subsidiary and the MNC as a whole: individuals may see themselves as a being a member of, or having a sense of belongingness with both foci (Ashforth & Mael, 1989; Tajfel, 1982). Our finding with regard to expatriates fits this explanation, as expatriates can be argued to have gained membership in both foci. Yet, we also had two expatriates with single identification, and – importantly – not all individuals with a coupled form were expatriates. Six local employees in MNC B were in the coupled category, and they puzzled us – why would they, and not other local employees, exhibit coupled identification? SIT also did not seem to provide an obvious explanation for the significant findings relating to company or location, as it focuses on the individual level.

We next turned to a values-based explanation for identification in MNCs (Reade, 2001ab), which draws on conceptualizations of organizational identification in terms of shared values (e.g. Hall & Schneider, 1972; Schneider Hall, & Nguyen, 1971), and suggests that identification with the MNC and/or subsidiary can occur when there is a match between an individual’s values and goals and those of the organizational unit. Also the values-based perspective could explain our significant finding with regard to expatriates, who are likely to gain affinity with the values of both foci (MNC and subsidiary) through prolonged contact and exposure to both sets of values (Smale et al., 2015). However, it did not seem to explain the variation across interviewees within the same headquarters-subsidiary interaction contexts. As all of our interviewees engaged in frequent interactions across the unit boundaries, a values-based conceptualization would lead us to expect more people to identify with both the subsidiary and MNC, yet single identification was the most prevalent form. What is more, a values-based perspective would lead us to expect both hierarchical position and tenure to be significant, as more contact and exposure would increase acculturation to both sets of values – yet neither was significant in our analysis (cf. Selmer & de Leon, 2002; Smale et al., 2015).

All in all, although social identity theory and values-based explanations have been successful in identifying drivers for the level of identification, they did not seem to explain the empirical forms we had discovered in a satisfactory way. This led us to return to the broader identification literature, and particularly the relational perspective put forth by Sluss & Ashforth (2007). It operates on the social-interactional level and focuses on interdependent roles and relationships as a source of identification (Ashforth, Schinoff & Rogers, 2016; Sluss & Ashforth, 2007, 2008). By doing so, it offers a complementary social explanation: an individual identifies with his or her work role relationships (“To work is to relate”; Flum, 2001) rather than his/her connection with the organization per se, as proposed by the more dominant SIT- (“I am A”) or values-based explanations.

Table 6: Cross-tabulation and discriminant analysis results

<table>
<thead>
<tr>
<th>Individual characteristic</th>
<th>Chi-square value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expatriate status (expatriate or host country national)</td>
<td>17.175**</td>
</tr>
<tr>
<td>Location (HQ or subsidiary)</td>
<td>7.801*</td>
</tr>
<tr>
<td>MNC (MNC A, B, C, or D)</td>
<td>22.319**</td>
</tr>
<tr>
<td>Hierarchical position (CEO, functional/unit head, or lower level)</td>
<td>5.506</td>
</tr>
<tr>
<td>Gender</td>
<td>2.226</td>
</tr>
<tr>
<td>Tenure</td>
<td>2.046</td>
</tr>
</tbody>
</table>

*p<0.05; **p<0.001
based (“I value A”) explanations (Smale et al., 2015). While the relational perspective has not been previously used to explain dual identification or forms of identification (it has thus far focused on identification with specific work roles or supervisory relationships), we found it to fit with all of our observations. We will now consider our significant findings from a relational perspective.

**RELATIONAL PERSPECTIVE ON DUAL IDENTIFICATION**

Given that our empirical setting concerns inter-unit interactions between the headquarters in Finland and subsidiaries in China or Russia, it is natural that our interviewees discussed the two units and the various interactions and relationships between the two foci extensively. Yet, the different interviewees referred to the “other” entity often very differently even in the same interaction context. This variation provided us with ideal empirical data to dig deeper into our significant findings (expatriate, firm, and location) from a relational perspective.

First, one of the key roles of expatriates is to serve as linchpins between the corporate headquarters and foreign subsidiaries (Edström & Galbraith, 1977; Harzing, 2001; Thomas, 1994). Therefore, they are likely to develop strong interdependent relationships with people in both entities, and by doing so a better understanding of how their own activities relate to those of others (Black & Gregersen, 1992; Ishii, 2012; Nguyen, Felfe, & Fooken, 2015). They are also more likely to perceive themselves as having a “common fate” with other people in both entities (Brewer & Gardner, 1996; Turner & Bourhis, 1996). The following quote by an expatriate in China from MNC A (interviewee #56; coupled form) illustrates this relational mechanism. He talks about the collaborative nature of his role and the inter-connected nature of the organization. He has had extensive contact with colleagues from different parts of the organization, bringing them together to establish and improve MNC A’s operations in China:

“I established our [MNC A]’s sales company in China ... our internal process has improved a lot and we did a lot of technical development work and having our colleagues from Europe, for instance, working together with our local [Chinese] colleagues... gradually we managed to lift that production and product quality.”

By having worked with colleagues in different parts of the organization, many expatriates build strong relationships in both entities, personalizing the individuals they work with, creating friendships, and developing a sense of closeness (Sluss & Ashforth, 2007). Positive feelings about these relationships and projection of these favorable relational qualities are likely to generalize to an organization, facilitating organizational identification (Sluss & Ashforth, 2007). Thus, from a relational perspective, expatriates’ relationships with colleagues in both the subsidiary and the MNC as a whole is a potent driver of coupled identification.

Second, our finding concerning the coupled identification of the six MNC B local subsidiary employees is fully consistent with a relational perspective. In fact, this observation was a central component of our relational insight. We started by examining these six individuals’ job roles and contexts more closely, juxtaposing their roles with those of other employees in the same firm. This analysis led us to realize that these particular local employees worked closely with people from other units of the MNC as part of an integrated value chain. They were highly interdependent with others outside their own unit with regard to both inputs for and outputs of their work in such a way that they could only attain their goals if others with whom they work attained theirs
Given that interdependence can facilitate the convergence of relational and organizational identification (Sluss & Ashforth, 2008), from a relational perspective it makes sense that these individuals exhibited coupled identification, as illustrated by how one of the six discussed a practical issue he was facing:

“In [MNC B], we have three business processes...we use [name of one of the three business processes] to handle this part of the business...You know this part of the project is handled by APAC [Asia Pacific region], but the problem is we do not have enough competencies or resources to verify the product design here. In Finland, we have several competencies to do that, but here in APAC or China, no.”

Upon examining our case firms more closely, we realized that MNC B was the most globally integrated of the four, with a manufacturing value chain that required sequential inputs and outputs that had to be coordinated globally. In contrast, the other case firms were less integrated: MNC A had a regional strategy, and MNCs C and D had locally responsive strategies where employees were accountable for local deliverables. Further, whilst the MNC B subsidiary employees with coupled identification were highly involved in the company’s interdependent value chain, the locus of responsibility of the other MNC B interviewees was both more self-contained and also more clearly based within their own entity. Overall, the job roles seemed to follow a pattern: while the roles of the people in the coupled category appeared to be highly interdependent (they were expatriates involved in liaison activities or locals who were an integral part of a global value chain), there was less interdependency in the job roles of those in the overlapping form, and the least interdependency in the roles of those with single identification.

These findings suggest that coupled identification is more likely to occur in firms following a globally integrated strategy (Bartlett & Ghoshal, 1989) than in those with a more multi-domestic one, as global integration increases intra-organizational interdependencies. Dual identification is also likely to be particularly valuable in such contexts. Our data does not allow us to test for such a connection in a satisfactory way, but it is an interesting and important avenue for future research.

Third, the headquarters employees in our sample did not appear to have a strong sense of identification with the subsidiaries, even when they frequently interacted with them. Importantly, the headquarters employees all seemed to equate the firm with its headquarters, rather than with the global organization as a whole. The significant difference between headquarters and subsidiary employees’ form of identification may at least partially be driven by relational factors. Sluss and his colleagues (2012) find that social influence from supervisor-subordinate role relationships can impact organizational identification among subordinates. Applied to an MNC context, we could expect headquarters to have more social influence than subsidiaries. If headquarters employees see their role as transferring knowledge and expertise from the headquarters to the subsidiary, they may not perceive a sense of mutual interdependence between the two entities, or may even feel a sense of superiority. As the Communications Director at the headquarters in MNC C explained:

“When we started to go international...one of the successes I guess has been...what we have learned here [in Finland] during the 160 years. We have been able to use the best part of that when working with [the subsidiary].”

Here the communications manager is referring to a top-down initiative that has been adapted and implemented in the Russian subsidiary. Although the overall statement is positive, there is an implicit sense of superiority with regard to the Russian subsidiary. In general, headquarters’ employees in our sample tended to view the headquarters as
providing superior knowledge and expertise to the subsidiaries to help them succeed, rather than being on equal footing (even when units were actually interdependent) or contributing to MNC success equally (even if all four subsidiaries were of major importance to the company bottom line).

DISCUSSION

In this paper, we set out to empirically examine different forms of dual organizational identification in MNCs and their drivers. Our inductive approach of examining the pronouns individuals used in relation to the MNC and subsidiary enabled us to detect three distinct forms of dual identification in our empirical data: single (identification with only one entity); overlapping (primary identification with one entity with some identification with the other); and coupled (identification with both entities). We also found that variations in expatriate status, local, and MNC strategy were associated with these different forms.

Our research has the potential to contribute to research on dual identification in several ways. First, despite its potential relevance for MNCs – particularly with regard to inter-unit cooperation, knowledge transfer, and potential for synergies – the empirical disentanglement of the form of dual identification has proved challenging. We develop an empirical approach that focuses on form, focusing on pronoun use of "we" and "they" in an organizational context. Our approach is novel, yet consistent with the definition of identification as oneness with the organization (Dutton et al., 1994; Mael & Ashforth, 1992), with the wording of the most frequently used scale (Mael & Ashforth, 1992), and with the notion that vocabularies both reflect organizational identification (Cramer & Schuman, 1975) and can yield meaningful categories (Loewenstein, Ocasio & Jones, 2012). Considering the challenges of measuring form of identification, our method may provide an avenue for future research on this important phenomenon.

Second, our empirical investigation showed that, in contrast to Vora & Kostova’s (2007) theoretical work, dual identification with both one’s own unit and the firm as a whole cannot be automatically presumed in the MNC context. The most common form of identification in our data was “single”, where employees identified with only one entity, and this may indeed be the base case or typical form of identification in MNCs. Our findings suggest that employees typically first identify with their own entity only and then gradually start seeing aspects of oneness if certain factors are present, leading to partial or full overlap in identification between one’s own unit and the MNC as a whole.

Third, in examining the drivers of form, we found that single identification was most likely when employees were local nationals, based at headquarters, and/or employed in MNCs with a more locally responsive strategy. In contrast, the coupled form tended to occur with expatriates, or with local subsidiary employees in interdependent roles in globally integrated MNCs. The overlapping form fitted between these extremes. To start with, we sought to understand our findings through SIT and values-based explanations, but found these unsatisfactory. Instead, a relational explanation (Sluss & Ashforth, 2008), which has not been discussed in connection to dual identification in MNCs before, seemed to fit our findings better. This suggests the intriguing possibility that the drivers of form may not be the same as the drivers of level of dual identification. Level has to do with the connection that an individual feels with the organization itself: it is about “I” – be that SIT-based “I am A” or values-based “I value A.” In contrast, form may be more about “we” – about the connection the individual feels with other individuals in the
organization rather than the organization per se. Consequently, their drivers are likely to be different. This is an important distinction that calls for further research.

**Managerial relevance**

From both a practical point of view, a fundamental question arises from these findings: What is the ideal form of identification for MNCs? Highly globally integrated firms may find it particularly important for employees to have coupled identification, as employees are more likely to engage in synergistic activities that help both their own entity and the whole firm succeed (Tompkins & Cheney, 1983; Vora et al., 2005). In contrast, firms pursuing a multi-domestic strategy (Bartlett & Ghoshal, 1998) may find single or overlapping identification to be quite sufficient. Yet, working in a globally integrated firm does not automatically lead to dual identification – we found only a subset of employees even in the most globally integrated MNC of our sample to have coupled form of identification. Instead, form seemed to be driven by the particular interdependencies and relationships that an individual was exposed to. Given this, to develop coupled identification, MNCs should create situations in which employees have to work interdependently with people in other parts of the organization. International and cross-functional assignments are an obvious way to do this, and have long been seen as a key tool to develop global leaders (see e.g., Stroh, Black, Mendenhall & Gregersen, 2005). In addition, firms can develop local roles that integrate interdependent tasks and relationships with people from other parts of the global firm; these may or may not be related to subsidiary initiatives and mandates (e.g. Birkinshaw & Morrison, 1995). Correspondingly, to strengthen employees’ identification with the local unit, managers should create interdependencies across its different functions, perhaps through job rotation. Future research should delve more into the question of which forms of identification are best suited to which type of MNC, as well as how best to develop each form.

**Limitations**

Our findings also lead us to consider the limitations of our approach. First, although we depict the forms as three distinctive categories, we recognize that they may lie on a continuum ranging from no overlap to different degrees of partial overlap, and all the way to identification with one unit being nested within the other. Individuals may also change their form of identification over time, perhaps even in the opposite direction – from coupled to overlapping to single.

Second, whilst our approach provided a unique way for examining forms of identification, there is the question of whether we were capturing MNC or headquarters identification. In our initial analysis we found that our interviewees typically equated headquarters with the firm, and therefore considered headquarters to represent the MNC; however, headquarters is also a unit within the MNC and further work is required to distinguish between the two. A third issue relates to our interviews: The interviewees’ pronoun use will likely vary due to interview questions, individuals’ own loquaciousness, language fluency and cultural differences in language use, which limits our ability to generalize from the actual number of “we” and “they” responses across interviewees. That being said, given that we focus on within-person rather than between-person differences, we are confident that our approach is capturing genuine variation in forms of identification. Lastly, this study used the cognitive conceptualization of organizational
identification developed by Ashforth & Mael (1989), and we did not explore other conceptualizations such as dis-identification or affective aspects of identification (e.g. Besharov, 2014; Kreiner & Ashforth, 2004; van Dick et al., 2004). Future research may wish to combine our approach with these.

Endnotes

i We excluded additional interviews in Finnish, Swedish, Russian and Chinese to avoid issues with comparability. Since our methods directly concerned language use, differences in language nuances and translation issues would likely cause lack of comparability between respondents.

ii We had one outlier in our sample who did not fit into any of the three categories. This was an individual from MNC B who referred to both entities predominantly as “we,” but had very few instances of referring to both simultaneously as “we.” He had recently changed jobs within the organization, and referred to the MNC as “we” when talking about his previous job, and to the local subsidiary as “we” when talking about his current job. He fits the distinct form of identification depicted by Vora and Kostova (2007), but our overall data suggests that this form was driven by specific circumstances rather than being a typical case.

iii The cut-off point of 2 was deemed appropriate as this matched our qualitative understanding of the individuals based on the full interview, and accounted for a possibility that some we-both mentions can be coincidental or circumstantial (e.g., refer to joint initiatives) rather than being identification-related.

iv These six exceptions were all expatriates from the headquarters who still identified primarily with the MNC, although they were currently located in the subsidiary.

v Location was based on the individuals' location at the time of the interviews, and includes both parent country and third country nationals who were on international assignments in the subsidiary.
REFERENCES


People are generally considered to be an organization’s most valuable asset, and therefore how organizations influence and manage them is an important issue. Nevertheless, influencing and managing people is not a straightforward matter, not least because individuals respond differently to the same stimulus. Yet the issue of idiosyncrasy in individual’s responses to the organization is often ignored. In order to develop our understanding of why employees respond differently, this thesis takes the employee perspective and delves into two kinds of employees’ cognitive responses to the organization, namely, their perceptions and identification.

The findings indicate that employees’ perceptions and identification are driven by a complex interplay of factors between different levels of analysis. The primary drivers are the signals employees pick up and their social interaction with other members of the organization. However, these must be considered in the light of the multiple contexts in which the individual is embedded. The individual’s position and responsibilities, as well as the way work is structured and enacted, have important consequences for the individual’s patterns of social interaction and the signals he or she is exposed to.

The main contribution of this study is the extension of previous conceptualizations of the microfoundations model. Whilst organizations attempt to influence employees through various means, such as high-commitment HRM practices, the impact these have on employees depends on the context in which this all takes place. Where the individual is positioned within the organization, along with the people he or she interacts with, determine how the individual perceives and relates to the organization.