



DETERMINANTS OF STANDARDIZATION AND LOCALIZATION OF HUMAN RESOURCE MANAGEMENT (HRM) PRACTICES IN MULTINATIONAL COMPANIES' SUBSIDIARIES: A REVIEW AND IMPLICATIONS

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ABSTRACT

DOI No: 10.36713/epra7190

Article DOI URL: <https://doi.org/10.36713/epra7190>

Standardization and localization are two debatable concepts in human resource management of Multinational Companies (MNCs) subsidiaries. Standardization involves conducting subsidiaries HRM practices in similar ways as conducted at headquarters of Multinational Companies while localization is adaptation of subsidiaries HRM practices to ways used by local firms in the host countries of subsidiaries. The objective of this paper was to explore determinants associated with standardization and localization of HRM practices in Multinational Companies' subsidiaries. Method used was a review of literature retrieved from Google, Google Scholar and Jstor as electronic data bases. Interpretation of findings from the literature showed that there were various determinants associated with standardization and localization of HRM practices in Multinational Companies' subsidiaries and mostly included: cultural and institutional factors, country-of-origin dominance and HRM approaches adopted by Multinational Companies for overseas subsidiaries. It was concluded that the national contexts of the parent and host countries as reflected in the individual determinants had a huge role to play in standardization and localization of HRM practices such as staffing, training and development, compensation, communication, job design, promotion, recognition, job security, industrial relations, and performance management among MNCs' subsidiaries. The paper also provided implications to international human resource management practitioners.

KEY WORDS: HRM practices, Localization, Standardization, Subsidiaries

1.0. INTRODUCTION

Standardization and localization of HRM practices are essential concepts in human resource management of Multinational Companies' (MNCs') subsidiaries. As MNCs' establish subsidiaries beyond borders of the parent country to produce services and goods, they experience complex situation related to management of human resources far away from their parent countries (Kim and Milnerz, 2019). Some scholars like Rugman *et al.* (2000)

and Humes (1993) have argued that the experience they face in the host countries is a dilemma on whether they should standardize or localize HRM practices overseas. Eventually, MNCs' subsidiaries decide to implement either high degree of standardization or localization across HRM practices.

Standardization of HRM practices refers to centralized decision making at MNCs' headquarters regarding HRM practices at subsidiaries; and conduct them in the same way as done in their parent countries (Muritiba *et al.*, 2010). Standardization of HRM is considered by Smale (2008) and Taylor (2006) as a global HRM integration in which MNCs try to achieve common standards of HRM management between the headquarters (HQ) and the business affiliates around the world. It can be implemented by exporting similar mechanisms of HRM practices from headquarters (HQs) to subsidiaries operating in the host countries. Al-Khaldi (2016) used the concept of standardization interchangeably with transfer of HRM practices from headquarters to the subsidiaries while Uyasal (2014) and Sparrow (2016) viewed it as a convergence of HRM practices between the parent company and subsidiaries.

In contrast, localization of HRM practices refers to local adaptation where MNCs adapts HRM practices to host country's local firms' practices (Chung and Furasawa, 2015). Localization is diverged HRM practices from the parent country of the MNCs to local conditions of host nations (Budhwar *et al.*, (2016). Sometimes localization is used synonymously with the concept of decentralization of Human Resource Management practices in which the subsidiaries become autonomous in executing Human Resource (HR) functions differently from the headquarters but addressing business goals of the MNCs (Tihanyi *et al.*, 2012). In other words, localization is a practical effort of indigenizing international HRM practices to host country conditions.

HRM practices that should have been standardized or localized by MNCs' subsidiaries may be highlighted in the Ability, Motivation, Opportunity and Control (AMO) framework (Al-Tit, 2020; Garcia-Marin and Tomas, 2016). Based on the AMO framework, HRM practices may consist of a wide range of ability enhancing practices such as recruitment and selection (staffing), training and development. They may further consist of motivation enhancing practices including practices such as compensation policy, job security and recognition programmes. AMO framework further indicates that Opportunity practices which include practices like communication with employees, job design, and level of internationalization, team working, employee involvement and promotion can be standardized or localized by subsidiaries. Control practices involves of performance appraisal, variable pay and global competency assessment. Then, this paper's focus has been on standardization and localization of HRM practices based on several practices being proposed by the AMO framework.

Apart from an attempt to understand the concepts of standardization, localization and what constitute HRM practices, it has been noted that there have been many studies conducted on standardization and localization of HRM practices especially in Europe, Northern America, China, Japan, Australia and South Africa. For instance, Belizón *et al.* (2016) found that HRM practices including pay, fringe benefits, performance appraisal; succession planning had high degree of standardization in Ireland and Spain among 450 MNCs subsidiaries. Indian Information Technology MNCs in Australia standardized many elements of compensation but also adapted several aspects of compensation to local host country practices (Kyurova, 2019). Chang *et al.* (2009) almost revealed similar findings in which four Taiwanese MNCs' subsidiaries in United Kingdom (UK) standardized staffing by employing Taiwanese top managers and conducted performance management for British local employees on individual basis based on the British local firms practices.

As MNCs' subsidiaries were engaging in standardization and localization of HRM practices in the subsidiaries, there has been inadequate knowledge on determinants of standardization and localization of HRM practices in MNCs' subsidiaries in the literature published in the developing world. Therefore, the objective of this paper was to explore determinants associated with MNCs' subsidiaries' standardization and localization of HRM practices based on perspectives of literature review. The paper would facilitate accessibility of information on determinants of standardization and localization of HRM practices among practitioners and international human resource management students.

2.0. METHODS

2.1. Process and Literature Search

Preparation of this paper was preceded by search of online articles published on standardization and localization of HRM practices in MNCs' subsidiaries. A total of 62 articles were obtained from Google (17 articles), Google Scholar (32 articles) and Jstor (13 articles) as data bases. The key terms that were used during search of articles were: "standardization of HRM", "localization of HRM", "HRM transfer", "global standardization of HR", "HRM convergence", "HRM divergence", "integration of HRM practices", "Multinational Companies" and "Subsidiaries". All articles that were searched from the internet data bases were stored on personal computer for later selection and subsequent review.

2.2. Selection Process and Criteria for Inclusion

Research articles which were selected consisted of those published not more than the past 13 years. The decision to review articles published in the respective period between 2007 and 2020 was reached in order to get representative sample of articles and saving time for not reviewing too many articles published beyond the past 13 years. A total number of articles selected for the review on determinants of standardization and localization of HRM practices was 20 out of 62. Ultimately, nine qualitative research articles, ten quantitative articles and two mixed methods research articles were reviewed. All articles reviewed were published on standardization and localization of HRM practices among MNCs' subsidiaries operating in some African countries, North American countries, European and Asian countries.

3.0. FINDINGS ON DETERMINANTS ASSOCIATED WITH STANDARDIZATION AND LOCALIZATION OF HRM PRACTICES IN MNCs' SUBSIDIARIES

3.1. Cultural and Institutional Factors

Similar cultural factors such as social norms, customs, traditions and values existing between the parent country of a MNC and subsidiary host country influence high degree of standardization across HRM practices. Maharjan and Sekiguchi (2017) found that Japanese MNCs' subsidiaries in India managed to standardize performance appraisal, seniority based promotion and performance-based pay because Japanese and Indian culture were similar being characterized by the same social norms, valuing seniority, high power distance and long term orientation as summarized in Table 1 on appendices. Japanese and South Korea MNCs' subsidiaries as found by Chung *et al.* (2015) standardized staffing by employing parent country nationals at top of managerial positions in European markets due to cultural considerations. They trusted the parent country nationals because they could communicate in Japanese language with the companies' headquarters in Japan as opposed to Europeans in Europe.

In contrast, Ouyang *et al.* (2019) found that Chinese MNCs subsidiaries in USA were locally adapting their human resource management practices due to cultural differences between USA and China. Butt and Katuse (2007) also found that foreign MNCs' in Automobile industry in Pakistan were localizing HRM practices due to cultural challenges as summarized in Table 1 on appendices. Similarly, Chen *et al.* (2005) further found that cultural dissimilarity of the home country among MNCs from America and Europe influenced HR local adaptation strategy of subsidiaries in Taiwan.

Closely linked to culture are the institutional factors of which it has been found that countries such as the United Kingdom (UK), Canada, Spain, Denmark and Norway have different institutional pressure issued to MNCs operating in areas of jurisdiction (Edwards *et al.*, 2016). Ayentimi *et al.* (2018) as summarized on Table 1 on appendices found that there were three dimensions in the institutional pressure being proposed in institutional theory. The first dimension of the institutional pressure was regulations followed by cognitive and normative dimensions. Regulations were directly related to formal legal systems constituting the coercive legislations which imposed sanctions on violation of their provisions on people management in organizations.

The cognitive dimension in the institutional environment, involved a predetermined social behaviour patterns that were accepted in host country as a whole. The normative dimensions consisted of norms and values formulated by societal institutions such as religious organizations, universities, research institutions, trade unions, consultancy firms, professional and business bodies regarding management of employees. Gooderham *et al.* (2019) found that institutional differences between countries constrained MNCs from adopting worldwide HR policies but rather tended to diverge them based on local institutions of the host country.

The other institutional factors that influence standardization and localization of HRM practices are the varieties of capitalism consisting mainly of Liberal Market Economies (LMEs) and Coordinated Market Economies (CMEs) as found by Farndale *et al.*, (2017) in an article on *effects of market economy and foreign Multinational Enterprises' subsidiaries' convergence and divergence of HRM*. Farndale *et al.* (2008) found that LMEs provided greater autonomy to companies to strategize for maximization of profits for shareholders through deregulation of labour markets, strong competition and reduction of government interference whereas CMEs' were dominated by higher regulation and control of companies by legislative institutions, stakeholders and the state.

HRM practices such as financial participation, employee voice, corporate information sharing, employee contracting, and commitment to training were more localized in Germany, Belgium, the Netherlands, Austria, Denmark and Sweden as they constituted CMEs' unlike USA, UK and Australia which represented the liberal market economies. In connection to LMEs' and CMEs, Parry *et al.*, (2017) as displayed by Table 1 on appendices found that HR practices including selection sophistication, investment in training, individualized rewards, diversity programmes, trade union recognition, direct communication, indirect communication followed by North American owned MNCs' subsidiaries varied widely depending on whether these North American owned MNCs were operating in liberal or coordinated market economies.

3.2. Country- of- Origin Dominance

Edwards *et al.* (2013) found that country - of-origin dominance in the world economy influenced standardization of management practices among MNCs' subsidiaries. Pudelko and Wil-Harzing (2007) found that the overall results among MNCs' subsidiaries originating from the US, Japan and Germany were converging practices to the US HRM practices because the US has been a dominant economy setting global best standards in human resource management as summarized in Table 2 on appendices. Whenever, a parent country of a Multinational Company took a relatively advanced economy, its MNCs' subsidiaries did HRM practices in the same way as their parent company headquarters. France is a long standing economic power compared to China, and in this regard Jiang and Yahiaoui (2019) also found that majority of 16 French companies were standardizing their HRM practices in China due to country-of-origin dominance in terms of industrial and HRM experience.

Savaneviciene and Kersiene (2015) further found that USA as being more economically powerful had its majority of MNCs' subsidiaries standardizing leadership training, training programmes, employee rigorous selection procedures, cross-cultural competence development, workforce competence evaluation, employee development models, compensation, staff motivation and employee engagement in Lithuania. This is a result of USA MNCs' belief that the US models of human resource management were the global best practices for subsidiary staff performance in a country having weaker economy. Additionally, Cocuľová (2015) found that a country with transition economy, unimpressive rate of unemployment and economic challenges were likely to accept standardization of HRM practices among subsidiaries whose parent companies were originating from powerful economy.

3.3. International HRM Approaches Adopted by Multinational Companies

International HRM approaches that were adopted by Multinational Companies for host countries determined the level of standardization and localization of HRM practices. In support of this assertion, Azungah (2017) as summarized in Table 3 on appendices found that Western MNCs' subsidiaries operating in Ghana standardized succession planning, training and development, contingent reward and employee participation because of ethnocentric approach used by Western Multinational Companies in Ghana. Similarly, Smerek *et al.* (2018) found that MNCs' subsidiaries in the Republic of Slovakia either standardized or localized HRM practices because of ethnocentric and polycentric approaches adopted by companies for HRM in the subsidiaries.

A single case study of the French Multinational Company also was found by Touron (2008) changing its ethnocentric to geocentric model by staffing top managerial positions with foreign candidates from wherever they were available because of the inefficiency posed by ethnocentric approach. Further study by Sarafin and Szamosi (2015) in a global luxury US hotel chains in Azerbaijan, Kyrgyzstan and Germany revealed that overall, the luxury hotel subsidiaries had uniform implementation of HRM policies regardless of locations' socio-economic differences; but uniformity of HRM being facilitated by a geocentric approach.

4.0. DISCUSSION

Based on the review of literature, it was found that there were various determinants associated with standardization and localization of HRM practices in MNCs' subsidiaries. MNCs' subsidiaries operating overseas would localize many of their HRM practices including: staffing, training and development, compensation, industrial relations, employee communication, employee participation, health and safety due to cultural differences in the host countries. Several researchers including Myloni *et al.* (2004), Edwards and Kuruvilla (2005) and Mellahi *et al.* (n.d) also found that host country culture such as traditions, norms, and values limited standardization and transfer of HRM practices to subsidiaries. HRM practices at subsidiaries were conducted based on intangible and tangible cultural contexts of the host nations for them to succeed in their global business strategy, gain allegiance, legitimacy and avoid resentment from the local society.

But as cultural factors facilitated local adaptation of HRM practices in the subsidiaries, it has been found that similarities in culture again may influence standardization or transfer of HRM practices from parent to host countries of subsidiaries. As already indicated above, Maharjan and Sekiguchi (2017) in their findings on Japanese HRM standardization in terms of seniority-based promotion and performance-base pay in India was based on cultural similarities characterized by common social norms, long-term orientation, valuing more seniority and high power distance which eased transfer of HRM practices by Japanese subsidiaries in India.

Based on the findings above, it is clear that MNCs' subsidiaries which operated in countries which had similar culture with the parent HQs easily standardized HRM practices as cultural similarities between country-of-origin and the host countries do not pose barriers to standardization. The findings suggested that MNCs which established their investments in environments with relatively similar culture would have high degree of standardization in most of their HRM practices. For this case, the British MNCs' subsidiaries in Ghana as already

found above standardized because of the fact that Ghana's national culture was similar to some extent with the British culture due to colonial ties, Anglophone and commonwealth culture across these two countries.

Likewise, the institutional factors in terms of labour laws, regulations, cognitive and normative dimensions imposed by institutions determined a degree of MNCs' subsidiaries' standardization or localization of HRM practices. Differences in the labour laws, regulations, rules, ideas, norms and values which evolved as institutional pressures in the host country limited standardization in favour of local adaptation of HRM practices. Some scholars including Björkman *et al.* (2006) and Sparrow (2009) also found that all matters relating to MNCs behaviour-choices about subsidiary location and organisation, technology, capital, labour, strategies, investments and HR practices were often influenced by the institutional differences. However, Edwards *et al.* (2009) argued that sometimes the home country institutional perspectives could influence standardization by imposing appropriate practices and demanding institutional change in the host countries.

Other institutional factors which enabled MNCs' subsidiaries to either standardize or localize HRM practices were embedded in varieties of capitalism which consisted of Liberal Market Economies (LMEs) and Coordinated Market Economies (CMEs) as found by scholars such as Farndale *et al.* (2008) above. It was clearly shown by the findings that minimal government role, labour market deregulation and companies' autonomy in LMEs' in some countries such as USA and the UK supported MNCs in extending the parent country HRM practices to host countries' subsidiaries. As opposed to LMEs, CMEs' had their labour markets highly regulated and controlled by the state, legislative institutions and stakeholder involvement which made it difficult for MNCs' subsidiaries to standardize their home country practices in Germany, Denmark, Sweden, Finland, the Netherland and Austria in Europe. These findings were supported by Kuznetsov and Jacob (2015) who found that organizational practices in subsidiaries differed from those in the parent companies as a result of varieties of capitalism based on liberal and coordinated market economies.

It was also found that country-of-origin dominance in terms of the economic aspects like the financial position, industrial technological experiences and HRM experiences all limited local adaptation in favour of standardization of HRM practices. Although China was emerging as one among the most economic powers, USA as a dominant economy which sets standards for global best practices in the world economy was still prevalent. This situation made MNCs' subsidiaries diffuse HRM practices from USA due to her technological advancement and modern organizational management practices. Pudelko and Wil-Harzing (2009) found supportive findings which showed that the American system served as powerful sources of inspiring the Japanese human resource management possibly because of economic power imbalance between the two countries.

Apart from country-of-origin dominance, the literature further showed that international human resource management approaches adopted by Multinational Companies' headquarters for subsidiaries determined the implementation of standardization and localization across HRM practices. There were four popular approaches to this case and they included: ethnocentric, geocentric, regiocentric and polycentric approaches. In ethnocentric approach, the MNCs insisted on business and management uniformity between MNCs' headquarters and subsidiaries; which in turn forced the subsidiaries to use similar HRM practices of the parent company (Tiwari, 2013; Hannon, 1994).

In geocentric approach to human resource management, MNCs usually thought of global in terms of operations and ignored nationality boundaries in favour of global standardization (Crawshaw *et al.*, 2017). As found by Wilks and Vebeke (2016) and Pudelko and Wil-Harzing (2008) in support of the secondary data reviewed, MNCs subsidiaries in geocentric approach as an example would employ the host country national (HCN), home-country nationals and third country nationals based on the job-person-fit model irrespective of where they originate. Many of their HRM practices were globally integrated with some levels of localization to address local responsiveness (Caligiuri and Stroh, 2006). As already found by Touron (2008) above geocentric approach to HRM was highly interconnected with the current globalization forces where movements of people and investments could be employed and established in any part of the world regardless of geographical boundaries making it easier to employ staff from where they were available around the world. As opposed to geocentrism, regiocentric approach to HRM usually standardized HRM practices at regional level as Giousmpasoglu and Marinakou (2017) wrote:

“...it indicates that each subsidiary should adapt to host location's practices, but for a geographical region rather than a single country and also attempts to achieve consistency across this region, instead of across the world” p.7

With regiocentric approach, regions such as Africa, Europe, North America, and Middle East could deploy the same staffing, training and development, Human Resource Management Information System (HRMIS) software, career management, compensation management and performance appraisal within regional jurisdiction without beyond extension. Regiocentric approach posed advantages such as allowing career progression, transfer of staff from one country to another within a region, permit international and cross-culture experience at regional level rather than at world level by acting between ethnocentric and geocentric approaches.

As three approaches above influenced standardization of HRM practices among MNCs' subsidiaries in different ways, polycentric approach underscored the fact that it influenced higher localization of HRM practices. Based on this approach MNCs' subsidiaries totally followed the local practices as conducted in local companies of the host nations (Oppong, 2017; Isiaka et al., 2016; Lakshman, 2013). If a MNCs' subsidiary was located in Country X, it would adapt HRM practices such as staffing, training and development, compensation, industrial relations to Country Y HRM practices. Polycentric approach as it concentrated on local adaptation of HRM practices, it presented numerous advantages such as increasing representation of local practices in global organization, reduced labour costs, demonstrated trust in local nationals, increased legitimate perception of subsidiaries and reduction on the amount of control exercised by headquarters (Goegele, 2020; Treven, 2001).

5.0. CONCLUSION

This paper sought to explore determinants associated with standardization and localization of HRM practices in MNCs' subsidiaries. It was revealed that generally standardization and localization of HRM practices in MNCs' subsidiaries were influenced by national contexts. Different contexts in terms of culture and institutional environment between the parent (home) and host countries had a tendency to heighten localization of HRM practices in subsidiaries as opposed to similarities. In addition, approaches to HRM in the host countries and country-of-origin economic dominance determined whether MNCs' standardize or localize its HRM practices in overseas subsidiaries. With recognition of host countries' culture and their institutions in today's world, it is anticipated that possibly the cultural and institutional determinants had a huge role to play in HRM of MNCs' subsidiaries around the world.

6.0. IMPLICATIONS

Similarities and differences of culture and institutional dimensions such as the labour regulations, cognition and normative institutional dimensions will pose pressure on International Human Resource Managers to either standardize or localize HRM practices. Subsidiary host countries which have similar culture and institutional environment will have to standardize HRM practices with a parent country because similar culture and institutions remove barriers to standardization. In this sense, HR practices like recruitment and selection, training and development, succession planning, compensation, industrial relations and performance management will be conducted by International Human Resource Managers in the same way as done at the headquarters. However, huge differences in terms of culture and institutions between the host and parent country will demand International Human Resource Managers to localize most of HRM practices. Compliance to local environment will increase respect to subsidiaries and avoid unnecessary resentment from the local authorities.

Economic dominance by the parent country of the subsidiaries will have also greater influence on International Human Resource Managers' standardization of HRM practices. Countries like USA, China, United Kingdom and Scandinavian possess resources like finance, technology and more experiences in HRM. Being economically powerful than most countries in the developing world, they believe that they are setters of global HRM practices. In this endeavour, subsidiaries' HRM practices will remain controlled from parent headquarters for many subsidiaries especially in the developing world.

Nevertheless, approaches to HRM adopted by MNCs headquarters still will remain key players that will force International Human Resource Managers to standardize or localize HRM practices. For MNCs' subsidiaries that originate from a parent company which implement ethnocentric approach will impose standardization of HRM practices among managers at subsidiaries. International Human Resource Managers working at MNCs' subsidiaries being established by a company that deploys polycentric approach will have to adapt HRM practices to host countries conditions. For example, staffing, salary, fringe benefits, industrial relations and social security schemes will be adapted to local practices. International Human Resource Managers at subsidiaries will engage in globally integrated practices under MNCs which implement geocentric approach. Such managers for example will have to procure employees from any part of the world through competitive recruitment and selection processes. This situation will take place because geocentric approach has a global focus using similar practices whereas regiocentric approach will demand International Human Resource Managers to localize their HRM practices at regional level as opposed to polycentric approach which adopt local adaptation of HRM at country level.

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APPENDIX: Division of Articles as per themes and Area of Study

Table 1: Cultural and Institutional Factors Determining Standardization and Localization of HRM Practices in MNCs’ Subsidiaries

| Author(s) and Year | Method | Tools | Sample | Summarized Findings | Country |
|--------------------------------|--------------|-------------------------------|---|--|---------------------------------------|
| Maharjan and Sekiguchi (2017) | Qualitative | Semi-structured Questionnaire | Japanese MNCs subsidiaries in India | Similar cultural characteristics and social norms between India and Japan played a critical role in forming standardized performance appraisal, seniority-based promotion, and performance-based pay due to common social norms, valuing seniority and high power distance | India |
| Ouyang <i>et al.</i> , (2019) | Qualitative | Interviews | Chinese MNCs | HRM practices of Chinese MNCs are localized in USA due to host country regulatory pressures and avoidance of liability of origin | USA |
| Butt and Katuse (2017) | Qualitative | Interviews | Subsidiaries in Automotive industry | Polycentric approach and Host country cultural challenges leads to localization | Pakistan |
| Chung (2015) | Qualitative | Interviews | Japanese, USA and South Korea MNCs subsidiaries | USA firms had majority of HCN Managing Directors unlike Japanese and South Korea who employed expatriates from parent country. | European markets |
| Chen <i>et al.</i> , (2005) | Quantitative | Questionnaires | Japanese, American and European based MNCs subsidiaries | Cultural and institutional characteristics of home country influence HR adaptation strategy in host country | Taiwan |
| Edwards <i>et al.</i> , (2016) | Quantitative | Survey Questionnaires | Indigenous and US owned MNCs | Institutions impose varied isomorphic pressures to which MNCs have to conform to increase organizational legitimacy | UK, Canada, Spain, Denmark and Norway |

| Author(s) and Year | Method | Tools | Sample | Summarized Findings | Country |
|-----------------------------------|--------------|--|---|---|---|
| Ayentimi <i>et al.</i> , (2017) | Qualitative | In-depth –face-to-face interviews and documents analysis | 5 MNCs from UK, France, Germany and India | HRM practices i.e HRM structure and HRM Policy orientation are similar to parent country due to country-of-origin effect, competitive isomorphic pressure, global integration, labour laws and colonial upbringing | Ghana |
| Gooderham <i>et al.</i> , (2019). | Qualitative | Documents Published online | 37 samples of articles | Institutional distance between countries constrains MNCs from adopting worldwide HRM policies. Even US MNCs adapt their HRM practices to local institutional settings | Worldwide |
| Farndale <i>et al.</i> , (2017) | Quantitative | The Cranet questionnaire | Multinational Enterprises' Subsidiaries in LMEs and CMEs, | LMEs are the Anglo-Saxon societies (USA, UK, and Australia) dominated by shareholder ownership, focused on short term profit maximization, minimal role of government, deregulated labour markets and strong competition influence HRM standardization. CMEs' typified by Germany have wider stakeholder approach, higher regulation of labour market increase localized practices. | LMEs (UK and Australia), and MNEs in CMEs (Denmark, Austria, Belgium, Finland, Germany, the Netherlands and Sweden) |
| Farndale <i>et al.</i> , (2008) | Quantitative | Standard questionnaire on HRM | Foreign MNCs, domestic MNCs and domestic companies | Varieties of capitalism especially the liberal and coordinated market economies Liberal allow leeway of companies, diversity practices while CMEs characterized by restrictions, higher regulations and control of people management | Liberal i.e UK and Coordinated market economies i.e Germany, the Netherlands and Sweden) |

| Author(s) and Year | Method | Tools | Sample | Summarized Findings | Country |
|------------------------------|--------------|----------------|--|---|---|
| Parry <i>et al.</i> , (2008) | Quantitative | Questionnaires | North American owned MNCs in Liberal Market Economies and Coordinated Market Economies | Results indicates that patterns of HR practices i.e selection sophistication, investment in training, individualized rewards, diversity programmes, trade union recognition, direct communication indirect communication pursued by North American owned MNCs varies widely depending on whether these North American owned MNCs operate in liberal or coordinated market economies | Liberal economies (UK, Australia) Coordinated economies (Germany, Sweden, Denmark, the Netherlands, USA and Canada) |

Table 2: Influence of Country-of-origin Dominance on Standardization and Localization of HRM Practices in MNCs' Subsidiaries

| Author(s) and Year | Method | Tools | Sample | Summarized Findings | Country |
|---------------------------------|--------------|----------------|--------------------------------------|--|---|
| Edwards <i>et. al.</i> , (2013) | Quantitative | Questionnaires | 1,100 subsidiaries in four countries | Dominance effects are indicated first by the diffusion of practices associated with dominant economy which we take to be the United States If dominance effects are present, we expect evidence of US-style practices | Canada, Ireland, Spain and United Kingdom |

| Author(s) and Year | Method | Tools | Sample | Summarized Findings | Country |
|---------------------------------|---------------|-------------------------------|---|---|--|
| Pudelko and Wil-Harzing (2007). | Quantitative | Mail questionnaires | US, Japanese subsidiaries and German subsidiaries | Subsidiary practices appear to converge to the dominant US practice. HRM practices are neither shaped by country-of-origin nor host country, but rather according to the country that sets the standards for what are perceived to be global best practices. | Germany (US and Japanese subsidiaries), US and German subsidiaries in Japan and German subsidiaries in USA |
| Jiang and Yahiaoui (2019) | Qualitative | Interviews | 16 French MNCs subsidiaries | Majority of Companies' HRM practices were standardized | China |
| Savaneviciene & Kersiene, 2015 | Mixed methods | Interviews and questionnaires | 17 USA MNCs subsidiaries | HRM practices in 10 MNCs' HRM like leadership training, standardized training programmes, employee selection, employee cross-cultural competences, competence evaluation, development models, compensation, motivation and employee engagement were integrated in 10 MNCs due to dominant economy of parent country over host countries | Lithuania |
| Cocuľová (2015) | Quantitative | Questionnaires | MNCs subsidiaries | Low rate of transfer of recruitment and selection in Slovak subsidiaries due to labour markets, rate of unemployment | Slovakia |

Table 3: International HRM Approaches as Determinants of Standardization and Localization of HRM Practices in MNCs' Subsidiaries

| Author(s) and Year | Method | Tools | Sample | Summarized Findings | Country |
|----------------------------|---------------|--|---|---|--|
| Azungah (2017) | Qualitative | Interviews with employees and managers | Western subsidiaries | Ethnocentric practices affect succession planning, training and development, contingent reward, employee participation and Host country playing roles in management styles of host country nationals. HRM Practices standardization and localization exist at varying degree. | Ghana |
| Smerek et al. (2018) | Quantitative | Questionnaires | MNCs placed in CEE Top 500 | International HRM approaches i.e ethnocentric, polycentric, transnational) plus development of globalization, recognition of cultural and institutional differences influence regiocentric and geocentric HRM practices | Slovakia |
| Touron (2008) | Qualitative | In-depth interviews | Single Case Study of French Multinational Company | Company changed its ethnocentric to geocentric approach managerial staffing due to ethnocentric inefficiency when sizes and geographic expansions were undertaken Globalization and geocentric approach are interconnected. | Host countries where Anglo-Saxon Companies before acquisition operated |
| Sarafin and Szamosi (2015) | Mixed methods | Quantitative questionnaire and semi-structured interview | Five Global luxury hotel subsidiaries | Luxury hotel have been able to maintain an overall uniform implementation of HRM policies and practices regardless of locale socio-economic differences; but facilitated by geocentric approach illustrated by Perlmutter in 1969 seminal work | Azerbaijan (Caucasus), Kyrgyzstan and Germany |