GLOBAL STANDARDIZATION VERSUS LOCAL ADAPTATION OF HUMAN RESOURCE MANAGEMENT PRACTICES IN MULTINATIONAL CORPORATIONS IN TURKEY

by

Deniz Demir

A Thesis Submitted to the
Graduate School of Social Sciences
in Partial Fulfillment of the Requirements for
the Degree of

Master of Arts

in

Psychology

Koc University

September 2005

Koc University
Graduate School of Social Sciences

This is to certify that I have examined this copy of a master's thesis by

Deniz Demir

and have found that it is complete and satisfactory in all respects,
and that any and all revisions required by the final
examining committee have been made.

Committee Members:

____

Zeynep Aycan, Ph. D. (Advisor)

____

Nazlı Baydar, Ph. D.

____

Ayşegül Özsomer, Ph. D.

____

Institute of Social Sciences, Director

Date: ________________________

STATEMENT OF AUTHORSHIP

This thesis contains no material which has been accepted for any award or any other degree or diploma in any university or other institution. It is affirmed by the candidate that, to the best of her knowledge, the thesis contains no material previously published or written by another person, except where due reference is made in the text of the thesis.

Signed Deniz Demir

ABSTRACT

The study examined the localization tendency in different human resource management functions and identified the host-country factors related to the localization tendency in HRM functions. Secondly, the localization tendency in the overall HRM practices of MNCs was investigated and the organizational factors related to the overall localization tendency in MNCs were pointed out. Thirdly, the satisfaction level of HR managers and the perceived satisfaction level of employees by HR managers with the degree of localization tendency in the overall HRM practices were measured. A total of 51 MNC subsidiaries having headquarters in USA, Europe or Japan participated in the study. Results overall indicate that the Turkish culture and the labor market conditions are the two host-country factors that are perceived to be related to the localization in HRM functions. Furthermore having a polycentric management orientation and a relatively high number of expatriates are associated with the overall localization tendency in HRM practices of MNCs. The other factor moderately related to the localization tendency in MNCs is headquarter-to-subsidiary flow. Finally, the satisfaction level of HR managers and perceived satisfaction level of employees by HR managers is not related to the localization of HRM practices.

Keywords: Localization, Global Standardization, HRM Practices, MNCs

ÖZET

Bu çalışmanın amacı Türkiye'deki yabancı sermayeli firmaların farklı insan kaynakları uygulamalarında lokalizasyon tercihlerini ne yönde kullandıklarını anlamak ve lokalizasyonla ilişkili yerel faktörleri belirlemek; tüm insan kaynakları uygulamalarındaki lokalizasyon tercihini ve lokalizasyonla ilişkili organizasyonel faktörleri belirlemek; insan kaynakları yöneticilerinin insan kaynakları uygulamalarındaki lokalizasyon derecesinden memnuniyet düzeyi ile çalışanların insan kaynakları yöneticileri tarafından algılanan memnuniyet düzeylerini belirlemektir. Merkez firmaları Amerika, Avrupa ya da Japonya'da olan toplam 51 tane çokuluslu şirketin Türkiye şubesi araştırmaya katılmıştır. Sonuçlar genel olarak, Türk kültürü ve işgücü piyasasının insan kaynakları uygulamalarındaki lokalizasyonla ilişkili yerel faktörler olduğunu göstermektedir. Ayrıca, çok merkezli yönetim yaklaşımına ve göreceli olarak çok sayıda yabancı yöneticiye sahip olmak, tüm insan kaynakları uygulamalarındaki lokalizasyon tercihi ile ilişkili organizasyonel faktörlerdir. Bunun dışında, merkez firmadan şubeye olan akış da tüm insan kaynakları uygulamalarındaki lokalizasyon tercihi ile kısmen ilişkilidir. Son olarak, insan kaynakları yöneticilerinin lokalizasyon derecesinden memnuniyet düzeyi ve çalışanların insan kaynakları yöneticileri tarafından algılanan memnuniyet düzeyleri ile tüm insan kaynakları uygulamalarındaki lokalizasyon tercihi arasında bir ilişki yoktur.

Anahtar Sözcükler: Lokalizasyon, Global Standardizasyon, İnsan Kaynakları Uygulamaları, Çokuluslu Şirketler

DEDICATION

To myself and my parents

ACKNOWLEDGEMENTS

First of all, I would like to thank my advisor Assoc. Prof. Zeynep Aycan for her guidance and support during the preparation of this thesis. Her great knowledge in this area and her ambition for reaching the excellence are the keys for this successful thesis. Secondly, I want to thank Assoc. Prof. Nazlı Baydar for her great help and guidance, and also for her encouragement. I also thank to Asst. Prof. Ayşegül Özsomer for their valuable suggestions and criticisms.

I would like to thank my parents Fatma Demir and Hüseyin Demir for their endless support throughout my whole life and their belief in me for completing this thesis and my brother Güneş Demir for relaxing me in my hard times.

And last, I would especially like to thank my boyfriend Rıfat Yeniay for always being by me in every difficult time and for always encouraging and believing in me.

TABLE OF CONTENTS

LIST OF TABLES

Chapter 1

INTRODUCTION

Multinational corporation (MNC) is defined as an enterprise owning and controlling facilities in more than one country and performing multinational transactions subject to the effects of the host country environment and global standards of the enterprise (Dunning, 1971; Sundaram & Black, 1992). "Generally the MNCs have their headquarters in one country and operate wholly or partially owned subsidiaries in one or more other countries. These corporations originated early in the 20th century and proliferated after World War II. Typically, a multinational corporation develops new products in its native country and manufactures them abroad, often in Third World nations, thus gaining trade advantages and economies of labor and materials. Almost all the largest multinational firms are American, Japanese, or European. During the last two decades of the 20th century many smaller corporations also became multinational, some of them in developing nations. Such enterprises create employment, create wealth, and improve technology in countries that are in direct need of such development." (www.encyclopedia.com)

MNCs are represented by subsidiaries spread throughout the world and these subsidiaries should be coordinated or integrated in some form and degree (Bartlett & Ghoshal, 1991). According to Rosenzweig and Singh (1991), there are two conflicting demands on the overseas subsidiaries: demand for internal consistency with the rest of the company and demand for external consistency with the local environment. These two important but usually contradictory pressures are defined as global integration (or global standardization) versus local responsiveness (or localization) (Doz, Barlett & Prahalad, 1981). MNCs try to find a balance between the two sets of pressures in order to increase their productivity whereby global standardization is derived from the need of increasing the operational efficiency, effective knowledge management and resource sharing across operational locations (Bartlett & Ghoshal, 1991; Doz & Prahalad, 1981; Rosenzweig & Singh, 1991), and localization is a result of the adaptation needs to the host environment such as local market conditions, institutions and cultural norms (Palich & Gomez-Mejia, 1999). Humes (1993) stated that the world's leading companies have been globalizing, expanding their operations across country and continental borders to increase their global customer and market share. At the same time, they have been localized moving more operations closer to their geographically dispersed customers so that they can respond more effectively to local conditions and compete more effectively with local companies.

These conflicting demands also influence the human resource management practices in multinational corporations (Rosenzweig & Singh, 1991). Among various business functions (e.g., finance, marketing, manufacturing), human resource management practices have been shown to be the most adherent to local practices (Kobayashi, 1982). The reasons include the fact that human resource management has distinguishing national and regional characteristics (Brewster, 1995), HRM is vital to the success of internationalization attempts, and it has extensive effects on the employees in organizations (Schuler & Florkowski, 1994). Human resource management practices are more often regulated by the local legal context or shaped by the local culture. In addition, MNCs can not deviate too much from local practices since their subsidiaries have to hire employees from the local labor market in an attempt to attract the best talents.

The first purpose of this study is to examine the localization tendency in different human resource management (HRM) functions (i.e., recruitment and selection, performance appraisal, training and development, compensation and benefits) and identify the host-country factors (i.e., the Turkish culture, the legal context and the labor market conditions) that are related to the localization tendency in each HRM function. The second purpose of this study is to examine the localization tendency in the overall HRM practices of MNCs and identify the organizational factors (i.e., the nationality of parent company, management orientation, headquarter-to-subsidiary flow, industry, percentage of foreign ownership) related to the overall localization tendency in MNCs. The third purpose of this study is to examine the satisfaction level of HR managers and the perceived satisfaction level of employees by HR managers with the degree of localization tendency in the overall HRM practices.

The motivation for conducting this study is based on the literature of industrial and organizational psychology. Productivity of an organization and well-being of employees are two foci of industrial and organizational psychology. It can be argued that the first two purposes of the present study, alas indirectly, are related to the productivity of organizations whereas the third purpose is related to the well-being of employees.

Most of the previous studies on HRM practices in MNC subsidiaries had a single measure of the degree to which MNCs opt for global standardization versus localization in their HRM practices (e.g., Bjorkman & Lu, 1997). This is not sufficient because as shown in Rosenzweig and Nohria's study (1994), different HRM practices have different levels of localization. The present study hopes to make a contribution to the literature by looking at the level of localization in HRM practices of MNC subsidiaries in each of the four key functions, separately: recruitment and selection, performance appraisal, training and development, compensation and benefits. Furthermore, the study will examine the extent of localization in different practices within each HRM function. For example, whether job vacancies are filled from internal or external sources is a practice within the recruitment and selection function. Moreover, the host-country factors (i.e., the Turkish culture, the legal context and the labor market conditions) related to the localization tendency in each HRM function of MNC subsidiaries in Turkey are also examined in this study.

The result of the study will help MNCs in the design and implementation of their HRM practices and serve as a benchmark for potential foreign investors. Firstly, the MNCs will see if localization of HRM practices lead to an increase in employee satisfaction. Secondly, it will show the practices of different firms from different nationalities (e.g., USA, Japan). Thirdly, it will reveal which HRM function and practices are more localized and why. Finally, it will show what types of organizational factors (e.g., management orientation, industry) are related to the localization or global standardization. Almost no study up to now has gone so far to look at the results of the global standardization or localization choices. This study will contribute to the literature by inspecting the relationship between the localization tendency and employee satisfaction and therefore attempting to answer the ‘so what’ question. This topic is of special importance for MNC subsidiaries in developing countries since it is necessary to determine if employees favor localized practices or the globally standardized practices of Western countries, which are usually referred to as best practices, in order to make a better judgment between localization and global standardization.

In order to examine the contingencies influencing the localization tendency, studies should compare HRM practices across MNC parent countries, across different industries and across different ownership structures of foreign affiliates (Schuler, Dowling & De Cieri, 1993). Most of the studies up to now have only focused on one of these contingencies at a time. The present study aims at filling the void by examining the localization tendency in HRM practices of subsidiaries across MNC parent countries (i.e., US, Europe, Japan), industries (i.e., Multi-domestic vs. Global) and ownership status of subsidiaries (i.e., Joint Venture vs. Wholly Owned), simultaneously.

Chapter 2

LITERATURE REVIEW

There are three sections in this chapter dedicated to the review of literature related to the three distinct purposes of the study. The first section presents the literature on the host-country factors (i.e., the Turkish culture, the legal context and the labor market conditions) related to the localization tendency in each HRM function. The second section presents the literature on the organizational factors (i.e., nationality of parent company, management orientation, percentage of foreign ownership, industry, headquarter-to-subsidiary flow) related to the localization tendency in MNCs. Lastly, the third section presents the literature on the relationship between localization and employee satisfaction.

2.1 Host-country Factors Related to the Localization Tendency in each HRM function

There are different theories which attempt to explain the host-country factors related to the localization of organizational practices in MNCs. Institutional Theory (DiMaggio & Powell, 1983; Meyer & Rowan, 1977) discusses the significance of the relationship of the organizational practices with the larger social, legal and political context. This framework is based on the construct of isomorphism, which states that each unit in a population is forced to resemble other units in the same environment (Hannan & Freeman, 1977). Fennell (1980) argue that there are two types of isomorphism. Competitive isomorphism emphasizes the importance of market conditions, whereas institutional isomorphism highlights the importance of political power and institutional legitimacy (Aldrich, 1979). The Institutional Theory states that subsidiary practices may have to conform to local regulations and laws as well as cultural expectations of the society which in turn force them to resemble local practices. This is referred to as 'coercive isomorphism'. Additionally, subsidiaries may try to imitate the practices of local firms as an adaptation strategy to the local market, which is called 'mimetic isomorphism'. Lastly, the competitive pressures might lead MNC subsidiaries to employ local practices through 'normative isomorphism' where normative pressures of industries to which organizations belong force them to conform to some industry-specific rules or practices.

Localization of HRM practices due to the cultural context is one of the most important contextual factors addressed in this study. The Model of Culture Fit proposed by Aycan and her associates have shown how cultural context explains variations in HRM practices (Aycan, Kanungo, Mendonca, Yu, Deller, Stahl & Kurshid, 2000). This model differentiates between the enterprise environment and socio-cultural environment as external factors affecting organizational culture and HRM practices. The effect of culture is proposed to be seen at two different levels. At the most fundamental level, common managerial beliefs and assumptions shape the organizational culture. On the one hand, task-driven assumptions are influenced by the enterprise environment, such as industry and ownership status; on the other hand, employee-related assumptions are influenced by the societal level culture including shared values of societies' members. The managerial assumptions, especially the employee-related ones, influence HRM practices. For example, in societies which value fatalism, managers assume that employee nature can not change (i.e., low malleability assumption). Based on this assumption, they do not find it necessary to attach rewards to performance which would have helped employees to modify their behavior. Other authors (e.g., Tayeb, 1995) also suggested that the 'what' question in HRM practices may be universal (e.g., performance appraisal), but the 'how' question is culture-specific (e.g., how to give performance feedback).

The Resource Dependency Theory (Barney, 1991; Pfeffer & Salancik, 1978) states that since an organization is not able to create all of the resources essential to run its operations, it should enter into transactions with players in its surroundings that can provide the necessary resources and services. These may be material resources as well as human resources. For effective human resource management, availability of local talent is critical and this is directly related to the conditions of the labor market (Beechler & Yang; 1994). As organizations rely on these local talents as resources, they should consider the conditions of the labor market in order to utilize these resources the best way they can. So, labor market conditions are expected to be related to the localization tendency in organizational practices.

As stated above, the Institutional Theory and the Culture Fit Model emphasize the importance of legal context and culture as heavily affecting the organizational practices, whereas the Resource Dependency Theory highlights the importance of local labor market conditions. Despite the fact that there are other host-country factors like political and social conditions cited in other studies (e.g. Schuler, Dowling & De Cieri, 1993), the current study limits its scope to these three factors as they are the most proximal factors influencing localization of HRM practices.

In this study, legal context refers to the basic legal structure of a particular country with special reference to employment and labor laws (Schuler, Dowling & De Cieri, 1993). Local culture refers to the set of values, beliefs and practices of the local society that differentiates it from others in meaningful ways (Hofstede, 2001; House, Hanges, Javidan, Dorfman & Gupta, 2004; Schwartz & Bilsky, 1990). Labor market conditions refer to the availability of human capital with the desired skills and qualifications.

It can be argued that the three host-country factors included in the study are interdependent to one another to some extent. However, legal context and labor market conditions have their own structural characteristics and therefore they can be considered independently from the cultural context. Many studies up to now regarding this topic (e.g. Beechler & Yang, 1994; Gamble, 2003; Rosenzweig & Nohria, 1994; Schuler, Dowling & De Cieri, 1993) have also taken these factors as independent from one another. Therefore, this study assumes that these three factors are independent enough to study their impact on the localization tendency in HRM practices, separately.

The legal framework, labor market conditions, and the local culture differ from one country to another and constrain the ability of MNCs to transfer HRM practices to local units (Jackson, 2002). However, the effect of local culture, legal context and labor market conditions is not equal across all HRM functions and practices. According to Rosenzweig and Nohria (1994), HRM practices for which there are well defined local norms are more likely to conform to the practices of local companies compared to those for which there are diffuse or poorly defined local norms, or those which are considered to be critical in maintaining internal consistency across all local units. From this point of view, the next step is to identify which HRM practices are more likely to conform to local norms, which are less likely, and why. HRM functions that are most significant to the strategic needs of MNCs include those related to recruitment and selection, performance appraisal, training and development and compensation and benefits (Dowling & Schuler, 1990; Hiltrop, 2002). The following section discusses the theoretical bases related to the localization tendency in these HRM functions in more detail.

It is expected that recruitment and selection practices tend to comply with local practices since the subsidiaries hire local employees and should take local context, especially host country culture and labor market conditions, into account in order to attract the best candidates. For example, in collectivistic countries organizations heavily rely on social networks and word-of-mouth in finding applicants, rather than use widespread recruitment channels, because in such cultures interpersonal trust and harmony are more important than technical skills and competencies (Aycan, 2005). The empirical study of Huo, Huang and Napier (2002) revealed that there was more localization than global standardization in the recruitment and selection criteria. The study of Bjorkman and Lu (1999) demonstrated that there was an intense requirement to localize the approaches employed for the selection function in order to fit local cultural values and norms in traditional cultures which are characterized by collectivism and hierarchical power relationships. Labor market conditions will also affect localization tendency since widespread recruitment channels are used in labor markets where it is relatively easy to find applicants with good qualifications, whereas social networks and word-of-mouth are of greater importance in labor markets where the number of talented candidates is low. The legal regulations in Turkey regarding the selection process are not as effective as they are in other practices or in other countries (e.g. the equal employment opportunity in the US). Therefore, it is expected that the effect of the legal context on the localization tendency of the recruitment and selection function will not be as strong as the effect of the Turkish culture and labor market conditions.

Hypothesis 1: Localization tendency in the recruitment and selection function will be reported to be mostly affected by the Turkish culture and the labor market conditions by local HR managers.

Performance appraisal is another HRM function that is expected to resemble local practices. It is expected that the local culture and the legal context will play the key roles in the localization of performance appraisal. Some practices under this function such as communication of performance feedback are sensitive to the cultural context. Aycan (2005) observed that employees resent negative performance feedback in collectivistic and low performance oriented cultures, whereas employees in individualistic and high performance oriented cultures have a more positive attitude towards performance feedback. Performance appraisal process should be designed specifically for each national culture since the same performance appraisal practices may have different meanings in each culture (Vance, McClaine, Boje & Stage, 1992). For example, many Asian countries reject the values (e.g. individualism, competitiveness, performance orientedness) upon which the American performance appraisal is based (Gellerman, 1967). According to the study of Bjorkman and Lu (1999), there is high need to localize the methods used in performance appraisal to fit local cultural values and norms in traditional cultures (e.g., Turkey, China). Lindholm (2000) concurs that practice of evaluating and giving feedback on performance is likely to be adapted to the host culture.

In addition to the cultural context, legal context is also expected to be related to the localization of performance appraisal. For example, the new Turkish labor law forces employers to utilize an "objective" performance appraisal system which is systematically conducted and documented. Companies now have to show performance evaluation results as evidence when firing employees. Prior to this new law, organizations were informal in their performance appraisal. Therefore, formality or informality of performance appraisal would depend on the legal requirement. However, as performance appraisal systems don't have a long history in Turkey and even large Turkish firms don't utilize these systems effectively, the local employees don't perceive the lack of an established performance appraisal system as a shortcoming. As a result, MNC subsidiaries might not tend to shape their performance appraisal systems according to the labor market expectations, since the performance appraisal system is not an important factor to attract and keep qualified candidates.

Hypothesis 2: Localization tendency in the performance appraisal function will be reported to be mostly affected by the Turkish culture and the legal context by local HR managers.

Another function expected to be in line with local norms is the training and development function. The practices of this function will tend to conform to local practices as the training needs of different employee groups change depending upon local conditions (e.g., education system in the host country). Availability of skilled labor is heavily affected by the education system in the host country. MNC subsidiaries should offer training and development opportunities to compensate the skills lacking in their employees. For example, employees in marketing departments must be trained to increase creative thinking in Turkey rather than in the USA, because this is not a skill that is emphasized in the Turkish education system, as much as, say, in the US education system. Rosenzweig and Nohria (1994) showed that training practices are closer to local practices than they are to the practices of the parent company. In the study of Aycan and Eskitaşçıoğlu (2003), it has been also shown that training is among the most localized practices in MNCs in Turkey. Yet, there are no regulations regarding training and development in the Turkish Labor Law. Therefore, the effect of legal context will not be significant. Local culture may have only a limited effect on training and development because training and development is an issue that concerns enhancement of qualifications of employees rather than their values.

Hypothesis 3: Localization tendency in the training and development function will be reported to be mostly affected by the labor market conditions by local HR managers.

According to the study of Aycan and Eskitaşçıoğlu (2003), another mostly localized HRM function in MNCs is the compensation and benefits function. It is expected that compensation and benefits practices will resemble local practices because norms about these practices are usually determined by the local legislation and salary benchmarking with local companies. For example, legal legislations regarding the minimum wage level or the duration of maternal leave are country-specific. Additionally, MNC subsidiaries might adjust their compensation and benefits to attract skilled applicants in the labor market especially when the number of talented candidates is low. There are also several findings supporting this argument. According to Hiltrop (2002), the specific pay policies and practices of MNCs have to be tailored to the needs and expectations of different groups of subsidiaries and employees located in different countries. In addition, benefits that are offered (e.g., giving fuel help and religion festival allowances) must be similar to the local practices than they are to the parent company practices (Rosenzweig & Nohria, 1994). Compensation and benefits function is also affected by the local culture. For example, in some countries with high power distance, decision of the top management is the most important factor in salary determination, as opposed to the case in countries with low power distance where a more rational decision making (e.g, salary benchmarking) is made (Mendonca & Kanungo, 1994). Additionally, rewards are contingent on interpersonal relationships rather than performance in countries with high power distance (Aycan, 2005).

Hypothesis 4: Localization tendency in the compensation and benefits function will be reported to be affected by the local culture, legal context and the labor market conditions by local HR managers.

As stated before, the present study will also examine the extent of localization in different practices within each HRM function. Practices within each function are those that were identified by Aycan (2005) as creating considerable differences across countries. Aycan (2005) proposed that some practices in the recruitment and selection function are affected by the local context such as criteria that are used in recruitment and selection (e.g., hard criteria vs. soft criteria), method of recruitment (e.g., internal vs. external recruitment) and method of selection (e.g., standardized vs. non standardized). In performance appraisal function, impact of the local context is proposed to be seen in criteria of the performance criteria (e.g., task outcomes vs. interpersonal competencies), method of performance appraisal (e.g., 360-degree vs. top-down) and communication of performance feedback (e.g., frequency of feedback). Some practices under the training and development function affected by the local context include investment to training and development activities (e.g., low vs. high), determination of training needs (e.g., based on performance evaluation outcomes vs. group membership) and content and method of training (e.g., group focused vs. individual focused). Effect of the local context in compensation and reward management is proposed to be seen in the following practices: wage and salary determination (e.g., based on job or decisions of top management) and performance-reward contingency (e.g., rewards contingent on performance or interpersonal relationships).

2.2 Organizational Factors Related to the Localization Tendency in MNCs

According to Namazie (2003), the main organizational factors which are related to the localization tendency of HRM practices in MNCs were ownership and control of critical resources, the compatibility of the national culture and socio-cultural differences. Hiltrop (1999) found that HRM practices were influenced by a variety of organizational factors including the firm’s industry sector, business strategy and dominant management philosophy. However, the total variance explained by these three factors was relatively low (about 32%) when compared to the variance explained by the nationality of the parent company (about 64 %). It was found that the organization’s business sector and strategy are not as important as the parent company’s nationality in selection, rewarding and attraction of employees (Purcell, Marginson, Edwards & Sissons, 1987). Study of Rosenzweig and Nohria (1994) has shown that organizational factors such as the presence of expatriates, dependence on local resources and frequency of communication with the parent company would influence a subsidiary’s HRM practices.

Based on the literature, it is proposed in this study that one of the most important organizational factors that shape the localization tendency of MNCs is the nationality of the parent company. In addition to the nationality of the parent company, management orientation, ownership status of the subsidiary, nature of the industry and headquarter-to-subsidiary flow (i.e., presence of expatriates, low dependence on local inputs, communication with the parent company and dependence on the parent company in terms of technical and managerial know-how) are also expected to be related to the localization tendency across MNCs.

There is of course the possibility that some of the organizational factors mentioned above (e.g., industry and management orientation) might be related. However, the identification of the precise nature of the potential relationships among these factors requires discussion of macro- and microeconomic and strategic issues which are out of the scope of this study. Following the tradition of other studies related to this topic (Beechler & Yang, 1994; Gamble, 2003; Rosenzweig & Nohria, 1994; Schuler, Dowling & De Cieri, 1993), the current study also assumes that these are independent factors affecting localization tendency. However, while examining the relationship between each organizational factor and the localization tendency, the remaining organizational factors will be controlled for in the statistical analyses.

2.2.1 Nationality of the Parent Company

HRM policies and practices of organizations are under the influence of the local culture. Values, perceptions, preferences and behaviors prevalent in a cultural context affect the human behavior and this is reflected in organizational behavior (Gomez-Mejia, Balkin & Cardy, 2001). Many authors (e.g., Aycan et al., 2000; Budhwar & Sparrow, 2002; Harzing & Ruysseveldt, 2004) have argued that HRM practices are heavily influenced by the national culture. Although HR managers tend to apply consistent HRM practices across countries in order to promote a unique corporate culture, the reality is that different HRM practices may have different meanings in each cultural context. Therefore, cultural distance between home and host countries in terms of values and practices may influence a MNC subsidiary's ability of adaptation to the local environment (Hofstede, 1980). The distance between Turkish culture and that of the country in which the MNC is originated is expected to affect the level of localization of MNCs in HRM practices: the higher the cultural distance, the higher the localization.

Culture is defined in many different ways. Culture is "that complex whole which includes knowledge, belief, art, law, morals, customs and any capabilities and habits acquired by a person as a member of society" (Symington, 1983, p.1). It is "a way of life of a group of people, the configuration of all the more or less stereotyped patterns of learned behavior, which are handed down from one generation to the next through the means of language and imitation" (Barnouw, 1963, p.181). "The cultural orientation of a society reflects the complex interaction of values, attitudes, and behaviors displayed by its members" (Adler, 1997, p.15). It is obvious that culture is a very complex construct and some methods should be used to be able to measure this complex construct. The use of dimensions in the operationalization of culture is a common method in cross cultural research (e.g., Hofstede, 1980; House et al., 2004; Schwartz & Bilsky, 1990; Trompenaars, 1993). The cultural differences and thereby the cultural distance between different countries are calculated using some of these dimensions identified in one of the most recent cross-cultural studies: the Project GLOBE (House et al., 2004)

Almost all the largest multinational firms of the world are American, Japanese, or European (www.encylopedia.com). Since the HRM approaches of US, European and Japanese MNCs exhibit great differences and subsidiaries of multinationals headquartered in Japan, the United States and Europe account for the bulk of foreign business activity also in Turkey (YASED, 2003), this study focuses on HRM practices in MNCs originated in these countries. Indeed, there may be some differences among MNCs within Europe, within US and within Japan in terms of HRM practices. For the sake of simplicity and parsimony, it is assumed that the MNCs belonging to these three regions have relatively homogeneous approaches within themselves. In this part, firstly the differences of the key features of the US, European and Japanese human resource management approaches will be described. Secondly, the cultural distance between Turkey and these countries will be calculated using the database of one of the largest and the most recent cross-cultural studies (i.e., the Project GLOBE) on the effect of culture on organizational phenomena.

According to Harzing and Ruysseveldt (2004), the influence of local culture on the HRM policies and practices of Japanese firms is highly evident. Japanese management approach is shaped by Japanese cultural characteristics of collectivism, consensus-based decision making, high power distance and strategic thinking. These features of management approach have important implications for HRM. For example; the wage system is based on tenure, promotions are based on high level of commitment to the company, collaborative and harmonized relations exist between managers and lower level, relatively close wage schemes are used between managers and employees and performance appraisal and incentives are based on group performance and group-oriented production activities.

In Japan, an employee's performance is evaluated by his/her supervisor based on the review of capability building and trainability. In Japanese firms, major HRM functions are internal training and skill development. The design of the Japanese training system is constructed in a way that the employee learns while he/she is working on his/her job; the so called on-the-job training (Harzing & Ruysseveldt, 2004).

According to Morrishima (1995; cited in Huang, 2000), HRM practices of Japanese firms can be differentiated from those of US firms. First of all, American and Japanese firms differ in terms of their recruitment policies. Japanese companies recruit new employees in lower level positions (i.e., internal recruitment), whereas American firms fill any position with the best possible candidates from inside or outside of the firm. In this manner, promoting existing employees to higher level positions is more frequently observed in Japanese than in American firms. There are also observable differences in employee selection criteria between American and Japanese corporations. While the former look more for a fit between the candidate's technical skills and requirements of the vacancy, the latter seek candidates with enthusiasm to learn and adapt to the organizational context.

As noted by Huang (2000), US companies assess their employees according to job performance, whereas Japanese firms lay more emphasis on the employees' behavior on the job and individual characteristics. Japanese corporations' compensation schemes are derived from the skill-grade system, in which employees' compensations are determined according to what they are able to do, instead of what they actually do (as in the system predominantly used in the US) in effect (Huang, 2000).

Harzing and Ruysseveldt (2004) stated that while determining the salary, Japanese firms implement a tenure-based wage system where the duration of an employee's service to the company is the foremost decisive factor. In general, bonus is considered as an individual endorsement. Nevertheless, in Japanese firms the distribution of bonuses is based on group performance, as opposed to individual performance which is the case in US companies.

While USA and Japan seem to be the two extremes in regard to HRM policies and practices, Humes (1993) views Europe as adopting a hybrid system somewhere in between these two. European corporations are neither as individualistic as Americans, nor as group-oriented as Japanese. European corporations emphasize the importance of personal relationships more than Japanese and American firms and show more respect to each individual's personal time and security. For Europeans, the importance of the quality of life and personal/family security is greater than the importance of success and achievement (Ferner & Quintanilla, 1998). Hiltrop (1999) found out that Japanese and American MNCs devote more resources for employee training compared to their European counterparts.

At least some of the above mentioned differences in HRM practices of MNCs originated in different countries can be attributed to cultural differences (Aycan, 2005). MNCs should take cultural differences into account while transferring their HR know-how and practices to local subsidiaries. So, the cultural context and cultural distance is an important issue and the current study will use the Project GLOBE research in order to understand and measure the cultural distance between different countries. The reason for selecting the Project GLOBE's cultural dimensions instead of other alternatives (e.g. Hofstede's cultural dimensions) is that the Project GLOBE contains more cultural dimensions and is the most up to date study measuring cultural dimensions in different societies.

The Project GLOBE (Global Leadership and Organizational Behavior Effectiveness; House et al. 2004) focuses on culture and leadership. Its aim is to investigate the cultural practices and values and to discover their impact on organizational practices and leadership characteristics. The Project GLOBE operationalized culture at two levels: organizational and societal. At both levels, practices and values are investigated separately. Importance on values arises from an anthropological tradition, whereas emphasis on practices arises from a psychological/behavioral tradition (Kluckhohn & Strodtbeck, 1961; cited in House et al., 2004). Although most of the studies up to now have used the values for determining cultural differences, cultural differences in terms of practices are more proximal and relevant to the issue at hand since the current study investigates the transfer of HRM practices to the local context. Cultural distance with respect to practices will influence whether or not HRM practices will be transferred to the local unit.

According to the Project GLOBE, there are nine cultural dimensions: performance orientation, future orientation, assertiveness, uncertainty avoidance, power distance, institutional collectivism, in-group collectivism, gender differentiation and humane orientation. These are characteristics of a country's culture that differentiate one society from another and impact organizational phenomena. Assertiveness is the degree to which people are tough, challenging, assertive and competitive versus modest and gentle. Future Orientation refers to the degree to which future oriented behaviors such as scheduling, investing in the future and delaying pleasure are emphasized in a society. Gender Egalitarianism is the degree to which a society capitalizes on gender role differences. Countries with less gender differentiation tend to accord women a higher status, whereas countries with a high degree of gender differentiation tend to accord men a higher status. Uncertainty Avoidance is the dependence on social norms and methods to promote predictability of future occasions. Societies which are high on uncertainty avoidance have a stronger tendency toward consistency and structured lifestyles. Power Distance is the degree of unequal distribution of power in institutions and organizations from the viewpoint of their members. Institutional Collectivism concerns the degree to which individuals are supported by societal institutions to be integrated into clusters within organizations and the society. In-Group Collectivism refers to the degree to which people in a society take pride in being a member of small groups such as their first degree relatives, close friends and organizations in which they are employed. Performance Orientation refers to the degree to which members of the society are supported for their superiority and enhancement of performance. Lastly, Humane Orientation is the degree to which members of a society are rewarded for being just, humane, generous, helpful and kind to other members.

To calculate the cultural distance between Turkey and other countries included in the study, the following formula of Kogut and Singh (1988) was used:

$CD_j = \Sigma\ [(I_{ij} - I_{iu})^2 / V_i] / 9$

CD_j: the cultural difference of the jth country from Turkey

I_{ij}: the index for the ith cultural dimension and jth country

I_{iu}: the index for the ith cultural dimension and Turkey

V_i: the variance of the index of the ith dimension

Table 1 presents the scores of Turkey, Japan, United States, Germany, Netherlands, Switzerland, Italy, Sweden, France, UK and Finland on the Project GLOBE's nine dimensions. The reason that Germany, Netherlands, Switzerland, Italy, Sweden, France, UK and Finland are chosen to represent Europe is that the data for this study were collected from the MNCs originated in these countries. The cultural distance between these countries and Turkey is calculated according to the given formula and the results are presented in Table 1.

Table 1. Cultural distance between the MNCs' parent countries and Turkey

	Performance Orientation	Future Orientation	Gender Egalitarianism	Assertiveness	Institutional Collectivism	In-Group Collectivism	Power Distance	Humane Orientation	Uncertainty Avoidance	Cultural distance from Turkey
Turkey	3.83	3.74	2.89	4.53	4.03	5.88	5.57	3.94	3.63	0.00
Japan	4.22	4.29	3.19	3.59	5.19	4.63	5.11	4.30	4.07	**2.39**
United States	4.49	4.15	3.34	4.55	4.20	4.25	4.88	4.17	4.15	**2.21**
Germany	4.25	4.27	3.10	4.55	3.79	4.02	5.25	3.18	5.22	2.93
Netherlands	4.32	4.61	3.50	4.32	4.46	3.70	4.11	3.86	4.70	4.67
Switzerland	4.25	4.27	3.42	3.47	4.22	3.85	4.86	3.93	4.98	3.59
Italy	3.58	3.25	3.24	4.07	3.68	4.94	5.43	3.63	3.79	0.95
Sweden	3.72	4.39	3.84	3.38	5.22	3.66	4.85	4.10	5.32	5.67
France	4.11	3.48	3.64	4.13	3.93	4.37	5.28	3.40	4.43	2.25
England	4.08	4.28	3.67	4.15	4.27	4.08	5.15	3.72	4.65	2.67
Finland	3.81	4.24	3.35	3.81	4.63	4.07	4.89	3.96	5.02	2.79
EU (normal average)										3.19
EU (weighted average)										**3.01**

Source of Data: House et al., The Project GLOBE

The score of Europe was found by calculating the weighted average of the cultural distance scores of the European countries by taking into account the number of MNCs originated in these countries, rather than treating each country equally. The scores reveal that the cultural distance from Turkey is highest for Europe followed by Japan and USA with respect to cultural practices captured by the Project GLOBE dimensions. Therefore, it is expected that the localization tendency will be highest for European MNCs followed by Japanese MNCs and the least for US MNCs.

Hypothesis 5: An increase in cultural distance between the home culture and the Turkish culture will lead to an increase in the localization tendency in HRM practices of MNCs, in such a way that localization is expected to occur in the following descending order: Europe, Japan, US.

However, the relationship between the nationality of the parent company and the tendency for localization is not as simple as it is stated in the above hypothesis since the management orientation in each individual MNC may have a moderating effect on this relationship. Indeed, as stated previously, HRM practices of MNCs originated in Europe, US and Japan could vary among themselves due to their different management orientations. This point is elaborated in the next part.

2.2.2 Management Orientation

Management orientation indicates the attitudinal posturing or intent of the multinational company and its management in terms of its vision and strategy

(Annavarjula & Beldona, 2000). Perlmutter's management orientation theory (1969) categorizes MNCs according to their perspectives of management orientation. According to Perlmutters's typology, there are three types of MNCs: ethnocentric, polycentric and geocentric. In the ethnocentric approach, management practices of subsidiaries resemble those in MNC's home country. Ethnocentric company is centrally controlled by the home office and the management approach and practices replicate those in the headquarters. Banai (1990) stated that MNCs with an ethnocentric orientation would be most likely to impose policies reflecting parent company's practices in recruitment and selection, performance appraisal, training and development and compensation and benefits functions. In the polycentric approach, management practices of subsidiaries conform to MNC's host country. A polycentric company is characterized by a multitude of relatively independent corporations well adapted to their various local environments. In the geocentric approach global integration and national responsiveness are together as elaborated in the following quotation.

'*The ultimate goal of geocentrism is a worldwide approach in both headquarters and subsidiaries. The firm's subsidiaries are thus neither satellites nor independent city states, but parts of a whole whose focus is on worldwide objectives as well as local objectives, each part making its unique contribution with its unique competence. This conception of geocentrism involves a collaborative effort between subsidiaries and headquarters to establish universal standards and permissible local variations'* (Perlmutter, 1969, p.13).

Ferner (1997) sees US-based MNCs unique and differentiates their management orientation from those of Japan- and Europe-based MNCs. Literature also supports this claim by showing that US-based MNCs have a more centralized decision making structure regarding HRM policies with respect to Japanese and European MNCs. In addition, US-based MNCs are unique in the sense that they apply particular employment practices throughout their MNC subsidiaries like job enlargement, semi-autonomous work teams and performance based compensation (Pinnington & Edwards, 2000). As another distinguishing characteristic, the control systems of US-based MNCs are much more formalized through written guidelines and direct reporting, which are not that frequently used by European and Japanese-based MNCs (Ferner, 1997). Such formalized systems might provide better opportunities for US-based MNCs to disseminate their policies across international subsidiaries.

As the above studies suggest, nationality of the parent company may influence management orientation to some extent. However, as the management orientation of a firm can be different from the management orientation of other firms with the same nationality, many studies up to now have taken these two factors as independent in terms of affecting the localization tendency in organizational practices (e.g., Rosenzweig & Nohria, 1994; Schuler, Dowling & De Cieri, 1993). This study examines independent effects of these two variables without neglecting the moderating effect of management orientation on the relationship between the nationality and the localization tendency.

Hypothesis 6: Localization in HRM practices occurs in polycentric MNCs more so than it does in ethnocentric and geocentric MNCs.

Hypothesis 7: The relationship between the parent country culture and the localization tendency in HRM practices of MNCs is moderated by the management orientation in such a way that the highest localization tendency is expected to occur in polycentric MNCs whose subsidiaries have the highest cultural distance from the MNC headquarter and the lowest localization tendency is expected to occur in ethnocentric MNCs whose subsidiaries have the lowest cultural distance from the MNC headquarter.

2.2.3 Effect of the MNC Ownership Status

In international business, a foreign branch owned fully by the home office is called wholly owned subsidiary. On the other hand, a foreign branch owned partly by the home office and partly by an organization in the host country is referred to as joint venture (Gomez-Mejia, Balkin & Cardy, 2001). The conventional alliance types like licensing agreements or joint ventures which involve some degree of partnership between Western firms and partners in the Third World, enables the Western firm to smoothly enter Third World markets in exchange for know-how and technology transfer (Campbell & Burton, 1994). Rosenzweig and Nohria (1994) have suggested that greenfield investments (i.e., a start-up investment of MNC subsidiaries in new facilities in foreign countries) are more likely to reflect the characteristics of multinational operation because there is high degree of control and centralization in a newly established operation in overseas. On the other hand, foreign firms' acquisition of or merger with local firms allows organizational practices to remain similar to other local firms because the degree of control will be less and the ongoing operations cannot be immediately transformed to standardized headquarter operations. Rosenzweig and Nohria's (1994) study supported this assertion.

Whether the subsidiary is wholly owned or a joint venture affects the MNC's approach to localization (Jain, Lawler & Morrishima, 1998). In addition, joint ventures with a dominant Western partner differed from joint ventures with shared, split or dominant host country partner (Bjorkman & Lu, 1999). The degree of MNC global standardization is particularly high in joint ventures that had a 'dominant' Western partner (Killing, 1983; cited in Bjorkman & Lu, 1999).

Hypothesis 8: The degree of localization in HRM practices of MNCs decreases as the MNC's ownership status favors foreign partnership.

2.2.4 Effect of Industry

In some sectors, global products could sell across the world; in other sectors distinctive local tastes should be created for successful business outcomes (Morgan, Kristensen & Whitley, 2001). In some industries (e.g. food), organizations are more pressured to comply with customizing their products or services to local norms while in other industries (e.g. industrial electronics) the pressure is to maintain global standardization (Humes, 1993). Subsidiaries in multi-domestic industries such as food products are more likely to respond to local competition, and therefore are more likely to follow local practices (Jackson, 2002).

Porter (1986) argued that the industry in which a firm operates is of great importance for organizational practices since characteristics of specific industries vary widely from one industry to another. Porter (1986) made the distinction between global industries, where a firm's position in one country affects its position in other countries and, multi-domestic industries, where a firm's position in each country is independent from one another. This distinction is used in many studies regarding organizational practices (e.g. Rosenzweig & Nohria, 1994). In global industries such as commercial aircraft, electrical equipment, instruments and transportation equipment where competition is global rather than local, it is likely that subsidiaries will be less prone to follow local practices. In multi-domestic industries such as retailing and distribution demand is rather country specific and the pressure is to create country specific products and services and the organizational practices will most probably resemble local norms. Doz, Bartlett and Prahalad (1981) stated that the need for a globally consistent strategy and fully integrated operation depends on each industry's characteristics. The organizational practices which are ideal and necessary in the automobile industry may not be desirable in IT industry and counter-productive in food industry. The product, manufacturing, and distribution characteristics of food industry tend to limit the gains to be made by integrated global strategies.

Localization or global standardization of organizational practices in MNC subsidiaries is a strategic decision of the company and as stated above, the industry in which the firm operates influences this decision. The concept of 'strategic HRM' which became popular in the beginnings of the new millennium is based on the idea that HRM departments should be aligned with company strategies and in some cases even be involved in determination of company strategies (Huselid, Schuler & Jackson, 1997). Therefore, if a company has a strategy of localization for its products and services because of the industry, this strategy should also be adapted by the HR department. Dowling and Schuler (1990) also stated that the position of HRM will most likely to be more localized in terms of structure and orientation in multi-domestic industries whereas the need for coordination with headquarters will influence HRM to deliver international support in global industries.

This study will examine the effect of industry on localization of HRM practices in MNC subsidiaries by looking at two different industry sectors, i.e. global industry and multi-domestic industry. Fast Moving Consumer Goods (FMCG) industry is a multi-domestic industry (Porter, 1986) whereas Information Technology is a global industry (Morrison & Roth, 1990). As the service industry requires high customization according to the needs and expectations of the local customers, the operations should be aligned with this customization process. Therefore, the service industry is also expected to be a multi-domestic industry.

Hypothesis 9: HRM practices of MNCs which operate in multi-domestic industry are more likely to follow local practices, compared to those in global industries.

2.2.5 Headquarter-to-subsidiary Flow

Another organizational factor that influences a subsidiary's conformity with local practices (i.e., localization) is the flow of various resources between the parent company (headquarters) and the subsidiary such as including expatriates, local input (e.g., raw resources such as tobacco for tobacco sector) and information. DiMaggio and Powell (1982) proposed that organizations become more similar to other organizations as they are dependent on them in terms of resources. This is referred to as coercive isomorphism. Therefore, it is expected that MNC subsidiaries will become more localized as they depend less on the headquarters and more on the local resources. Headquarter-to-subsidiary flow can be operationalized through four indicators: presence of expatriates in the host country, low dependence on local inputs, frequency of communication with the parent company and dependence on parent company in terms of technical and managerial know-how.

The presence of expatriates provides an essential type of control and coordination in MNCs. Presence of expatriates in the MNC subsidiaries activates diffusion of MNC practices. Edström and Galbraith (1977) have shown that the home country expatriates often act as 'cultural carriers' in MNC subsidiaries. Tayeb (1998) found that expatriate managers apply HRM practices parallel to those which are common in their home country. Organizational practices in subsidiaries with more expatriates resemble the parent company practices compared to those with less expatriates (Rosenzweig & Nohria, 1994). HRM practices of subsidiaries with high reliance on local resources on the other hand tend to resemble local HRM practices (Rosenzweig & Nohria, 1994). This statement is also supported by the Resource Dependency Theory (Pfeffer & Salancik, 1978) elaborated in the first section in this chapter. Additionally, the more frequent the communication of subsidiary executives with parent company members, the more likely the parent company HRM practices influence the subsidiary's HRM practices (Rosenzweig & Nohria, 1994). Lastly, subsidiaries that are more reliant on the parent company for technical and managerial know-how tend to be more influenced by parent company practices rather than the local practices (Rosenzweig & Nohria, 1994).

Hypothesis 10: The higher the flow from the parent company to the subsidiary in terms of expatriates and information and the lower the dependency of the subsidiary on the local resources, the lower the degree of localization in HRM practices of MNCs.

2. 3 Effects of Localization: Satisfaction Level of Employees and HR Managers

Localization is seen as an important factor to increase satisfaction of both external and internal (i.e., employees) customers (Kotler & Armstrong, 2001). Multinational corporations localize their products according to the preferences of their local customers, and in the same way they localize their human resource management practices according to the preferences of their local employees. It is of great importance for MNCs to make sure that HRM practices are aligned with the cultural context fit together since employees will most probably be dissatisfied, distracted, unfocused, uncommitted and uncomfortable if HRM practices go against cultural values and expectations which in turn will lead to a decreased willingness to perform well (House & Aditya, 1997; Newman & Nollen, 1996, p.755). To increase loyalty and decrease turnover of the employees, multinational corporations tailor their human resource management practices to the needs and wants of their local employees (Gomez-Mejia, Balkin & Cardy, 2001) Practices that go against the local norms and values disrupt local workers. For example, companies trying to utilize 360 degree performance appraisal system in Turkey face great difficulties, because employees dislike this application due to high power distance in the Turkish culture which prevents people from evaluating their superiors (Aycan, 2005). As a result, localization is expected to increase the satisfaction level of employees in the local unit.

Hypothesis 11: The higher the degree of localization in HRM practices of MNCs, the higher the satisfaction level of HR managers and the perceived satisfaction level of employees by HR managers.

Chapter 3

METHOD

3.1 Participants

In this study, localization tendency in HRM practices of European, Japanese and American MNCs operating in Turkey were examined. The unit of analysis for the study is the MNC subsidiary in Turkey. Information about the organization was gathered from human resource directors or managers of the organizations with the use of a detailed questionnaire. Stratified purposeful sampling was used while selecting the MNC subsidiaries since the study required that a particular number of MNCs with particular characteristics (e.g., nationality, industry) were selected. Subsidiaries of MNCs were selected from the list of 'foreign investments' developed by YASED (Foreign Investors Association) published in 2003. Firms were chosen among those with top rankings in terms of total capital investment. Companies that met the following criteria were selected for this study: (1) They had to be the subsidiaries of the multinational corporations operating in Turkey (2) The corporate headquarters were to be located in USA, Japan or Europe. (3) Subsidiaries had to be wholly owned by MNCs or the foreign partnership had to be at least 50% with the local partner (4) MNCs had to operate in multi-domestic or global industries. Data were obtained from a total of 51 MNC subsidiaries. The sampling procedure and response rates are described in the Procedure section.

The organizational characteristics are shown in Table 2. As can be seen from Table 2, there were almost equal number of MNCs from global and multi-domestic industries and majority of the subsidiaries had foreign-dominated partnership.

Table 2. Organizational characteristics of the MNC subsidiaries

Organizational Characteristics of the MNC Subsidiaries			
		Respondent MNCs	All MNCs reached via mail
Nationality	USA	19	-
	Japan	11	-
	Europe	21	-
Industry	Global	22	-
	Multi-domestic	29	-
Ownership Status	Wholly Owned	40	-
	Joint Venture	11	-
Foreign Ownership (percentage)	*M*	93.01	85
	SD	15.34	-
	Min	50	50
	Max	100	100
Number of Expatriates	*M*	2	-
	SD	3	-
	Min	0	-
	Max	14	-
Firm Size (n of employees)	*M*	729	-
	SD	925	-
	Min	15	-
	Max	3875	-
Duration of Operations in Turkey (years)	*M*	21.74	17
	SD	24.65	-
	Min	1.5	1.5
	Max	119	119

The demographic characteristics of HR managers/directors are shown in Table 3. As can be seen from the table, the number of the female respondents was higher than the number of the male respondents and the average positional tenure was 4 years.

Table 3. Demographic characteristics of the HR managers/directors

Demographic Characteristics of the HR Managers/Directors		
Gender		
	Male	20
	Female	31
Age		
	M	36.67
	SD	8.63
	Min	26
	Max	60
Positional Tenure		
(years)	*M*	4.1
	SD	3.04
	Min	0.5
	Max	16

3.2 Measurement

The questionnaire consisted of four parts and contained 34 questions. The questionnaire measured the localization tendency in four core HRM functions which were recruitment and selection, performance appraisal, training and development, and compensation and benefits. Practices selected within these four functions were those that were identified as creating considerable differences across the countries by Aycan (2005). The questionnaire can be found in the Appendix B.

In the first part, there was one question asking the management orientation of the MNC headquarter. The respondents were requested to choose one of the three management orientation options which were ethnocentrism, polycentrism and geocentrism.

In the second part, questions concerning HRM practices for non-managerial white collar workers were asked in four functions. In the selection and recruitment function, there were four practices (e.g., “Which criteria are used in employee selection?”). The second function, performance appraisal, also had four practices (e.g., “Which assessment criterion is used in the performance appraisal system?”). The training and development function included four practices (e.g., “Is level of investment to training and development activities high or low?”). The last function, compensation and benefits, also had four practices (e.g., “Which method is used in the determination of wage and salary?”). The questions asked the type of practice that is used by the companies. For each of these sixteen HRM practices respondents were firstly asked to check a 5-point rating scale prepared on the basis of the framework proposed by Aycan (2005). For example, respondents were asked whether they relied on technical knowledge or behavioral competencies in employee selection (1 = reliance on technical knowledge, 5 = reliance on behavioral competencies, 3 = both criteria were used equally). The answers to these questions were not used in the analyses of the study. The reason for asking these questions was to focus the respondents on the main question of localization or global standardization of HRM practices instead of only asking to the respondents whether a particular practice is localized or globalized. The respondents were asked to describe the practice itself first and then to indicate the level of localization in this particular practice. This way, the respondents were helped to think about the practice itself and provide a more reliable and valid answer to the local-global balance question which was the main focus of the study. Mean scores for each HRM practice by US, European and Japanese MNC subsidiaries is presented in Appendix C. Secondly, they were asked to rate the localization versus global standardization level of each practice that they described in the first question. They were asked to use a 5-point rating scale where 1 stood for complete global standardization, 5 indicated complete localization and 3 referred to a balance in the global standardization and localization. Finally, respondents were required to put a check mark for the factors (i.e., the Turkish culture, the legal context and the labor market conditions) which they believed to have an impact on each practice. At the end of the first part (i.e., 16 questions), the respondents were asked to rate the global standardization versus localization in the overall HRM practices using the same 5-point rating scale as above.

The third part included questions about organizational characteristics. Firstly, the industry of the MNC, the number of employees in the subsidiary, the nationality of the parent company, the ownership status, percentage of foreign ownership, the period of the MNC presence in Turkey and the number of expatriates working in the local unit were asked. Secondly, dependence on local inputs, communication with the parent company and dependence on the parent company in terms of technical and managerial know-how were asked using a 5-point rating scale (1 = a low dependence, 5 = a high dependence). The number of expatriates, the dependence on local inputs, the communication with the parent company and the dependence on the parent company in terms of technical and managerial know-how were combined to the headquarter-to-subsidiary flow measure. The method of aggregation is described in the Results section.

The fourth part of the questionnaire included firstly the respondents' demographics like gender and age of the respondent and the positional tenure in the company. Secondly, the respondents (the HR managers/directors) were asked about their own satisfaction level and their perception of the satisfaction level of employees with the global standardization versus localization of HRM practices on a 5-point rating scale (1 = not satisfied at all, 5 = extremely satisfied). Thirdly, if the HR manager/director himself/herself was not satisfied with the global standardization versus localization of HRM practices, they were asked to indicate their preference using a 5-point rating scale (1 = more global standardization, 5 = more localization).

In a pilot study, preliminary version of the scale in Turkish was tested via face-to-face interviews conducted with human resource managers/directors of five multinational companies. They were asked to identify any ambiguities in the questionnaire and the questionnaire was modified and finalized on the basis of their feedback.

3.3 Procedure

Data for the study were collected through self-administered questionnaires. The questionnaires contained a cover letter and an explanation page. The cover letter was explaining the aim of the study and also gave instructions for filling out the questionnaire and returning it back to the researcher. Additionally, the cover letter explained the participants that the study would be voluntary and their responses would be kept confidential. The explanation page provided detailed information about the terms (i.e., global standardization, localization, the Turkish culture, management orientation, legal context, labor market conditions) that are used in the questionnaire. The explanation page can be found in Appendix A. The questionnaires were sent via surface mail or e-mail. The ones sent via surface mail additionally contained an envelope with the return address of the researcher. The completed questionnaires were returned via surface mail or e-mail to the researcher.

The data collection period consisted of three phases. In the first phase, the questionnaire was sent via surface mail to the HR managers/directors of the selected 150 MNC subsidiaries from the list of ‘foreign investments’ by YASED. The average foreign ownership percentage of these 150 MNCs was 85 percent with a minimum value of 50 percent and maximum value of 100 percent. The average duration of operations of these MNCs in Turkey was 17 years with a minimum value of 2 years and maximum value of 119 years. There is only slight difference between the means of the respondent MNCs and all MNCs reached via mail in terms of foreign ownership percentage and duration of operations as can be seen from Table 2 in the Participants section.. Participants from five different cities (i.e. Ankara, Bursa, Kocaeli, İzmir, İstanbul) of Turkey were selected for the study in order to increase the representativeness. After two weeks, the HR managers/directors were called by phone both to check whether or not they received the questionnaire and if so, remind them the deadline for filling it out. HR managers/directors who could not be reached at the first time were called again. The questionnaire was sent again via surface mail or e-mail (according to the preference of HR manager/director) to those who did not receive the first surface mail. Approximately 25% of these HR managers/directors responded to the questionnaire resulting in 37 completed questionnaires collected in the first phase. As the data were collected without asking the name of the respondents in the first phase, the respondents' anonymity was ensured.

As the number of responses was less than expected in the first phase, a second phase of data collection was conducted. In the second phase, the questionnaire was sent via e-mail to approximately 40 HR managers/directors who were reached through contacts of and an advertising agency (MNC subsidiaries which some of these HR managers/directors work for were clients of this advertising agency). The questionnaires were sent by the researcher in order to control if those MNC subsidiaries met the selection criteria. The response rate was about 35% with 14 responses. However, one of the questionnaires was eliminated as it contained extensive missing data.

In the third phase, students taking 'Introduction to Psychology' class were requested to take part in the current study in exchange for one credit. They were requested to provide contact information of participants such as their parents, relatives or contacts who held HR manager/director position in MNC subsidiaries meeting the selection criteria. Eight students provided the researcher with the contact information. The questionnaire was sent by the researcher via e-mail to these 8 MNCs. However, there was only 1 response out of these 8 contacts. This respondent was called by phone and asked questions about the survey in order to ensure that the survey was not completed by the student.

Chapter 4

RESULTS

The first purpose of this study was to examine the localization tendency in different human resource management (HRM) functions (i.e., recruitment and selection, performance appraisal, training and development, compensation and benefits) and identify the host-country factors (i.e., the Turkish culture, the legal context and the labor market conditions) related to the localization tendency in each HRM function. Multiple regression analyses were used to test the hypotheses related to the first purpose. The second purpose of this study was to examine the localization tendency in the overall HRM practices of MNCs and identify the organizational factors (i.e., the nationality of parent company, management orientation, headquarter-to-subsidiary flow, industry, percentage of foreign ownership) related to the overall localization tendency in MNCs. Multiple regression analysis and ANCOVA were used to test the hypotheses related to the second purpose. The third purpose of this study was to examine the satisfaction level of HR managers and the perceived satisfaction level of employees by HR managers with the degree of localization tendency in the overall HRM practices. Correlation analyses were used to test the last hypothesis. The analyses mentioned were carried out using SPSS 13.0 statistical package.

4.1 Host-country Factors Related to the Localization Tendency in each HRM function

The localization tendency scores for each HRM function were calculated prior to creating a composite localization score. For each of the HRM functions (i.e., recruitment and selection, performance appraisal, training and development, compensation and benefits), there were four questions measuring the localization tendency. The reliability of each of the 4- item scale was 0.83, 0.88, 0.80 and 0.88 for recruitment and selection, performance appraisal, training and development, compensation and benefits, respectively. The internal consistencies provided justification to aggregate the scale scores. The function with the highest localization tendency score was training and development (M= 2.72, SD= 0.91) followed by recruitment and selection (M= 2.63, SD= 0.89), compensation and benefits (M= 2.48, SD= 1.07) and performance appraisal (M= 2.03, SD= 1.03).

The factors that are hypothesized to be related to the localization tendency in each function were the Turkish culture, the legal context and the labor market conditions. As can be recalled from the Measurement section, the reported effects of these factors were inquired for each of the sixteen practices, separately. In order to create a composite score of, for example, the Turkish culture for recruitment and selection, internal consistency among four items assessing the impact of the Turkish culture for recruitment and selection were calculated. The procedure was repeated for the other host-country factors related to the localization tendency for each HRM function. Since there were four HRM functions and three factors, total of twelve reliability analyses were computed. There was a problem only with the legal context factor for the compensation and benefits function. The original reliability score was 0.51 which was less than the threshold of 0.60. Moss et al. (1998, as cited in Sturmey, Newton, Cowley, Bouras & Holt, 2005) stated that Cronbach's alpha values greater than 0.6 are generally acceptable. When one of the items was omitted the alpha has improved to 0.62. Therefore, this item was not included in calculating the composite score of legal context for compensation and benefits. The final reliability estimates (Cronbach's alpha) are shown in Table 4.

Table 4. Final reliability estimates of the reported effect of the factors on each HRM function

	Reported effect of the Turkish culture	Reported effect of the legal context	Reported effect of the labor market conditions
Recruitment and Selection	0.80	0.86	0.71
Performance Appraisal	0.80	0.76	0.68
Training and Development	0.68	0.76	0.73
Compensation and Benefits	0.69	0.62	0.76

In order to test the Hypotheses 1 through 4, multiple regression analyses with forced entry method were conducted in which the localization tendency of each HRM function was regressed on the reported effect of factors leading to localization (i.e., the Turkish culture, the legal context and the labor market conditions). Since the tolerance values for all predictors in all four regression models were higher than 0.2 and all the VIF values were lower than the threshold level of 2, it can be concluded that the multicollinearity between the predictors was negligible in each case.

The multiple regressions included three predictors that were not highly correlated for a sample size of 51. The probability of detecting moderate effect (detectable beta= 0.5) was 0.89 for the first Hypothesis, 0.92 for the second Hypothesis, 0.94 for the third Hypothesis and 0.92 for the fourth Hypothesis. The probability of detecting small effect (detectable beta= 0.3) was 0.48 for the first Hypothesis, 0.52 for the second Hypothesis, 0.55 for the third Hypothesis and 0.52 for the fourth Hypothesis. Since the tolerance level to detect an effect is 0.70, the analyses have probably detected large and moderate effects but not detected small effects.

Hypothesis 1 stated that localization tendency in the recruitment and selection function would be reported to be mostly affected by the Turkish culture and the labor market conditions by local HR managers. Multiple regression analysis revealed that the reported effects of the Turkish culture and the labor market conditions on the localization tendency of the recruitment and selection function were significant, whereas the reported effect of the legal context was not significant as can be seen from Table 5. So, the data provided support for Hypothesis 1.

Hypothesis 2 stated that localization tendency in the performance appraisal function would be reported to be mostly affected by the Turkish culture and the legal context by local HR managers. Multiple regression analysis revealed that the reported effect of the Turkish culture on the localization tendency in the performance appraisal function was the only significant factor, whereas the reported effects of the legal context and the labor market conditions were not significant (Table 5). The data provided partial support for Hypothesis 2.

Hypothesis 3 stated that localization tendency in the training and development function would be reported to be mostly affected by the labor market conditions by local HR managers. Multiple regression analysis revealed that the reported effect of the labor market conditions on the localization tendency of the training and development function was significant, whereas the reported effects of the Turkish culture and the legal context were not significant (Table 5). Therefore, the data provided support for Hypothesis 3.

Hypothesis 4 stated that localization tendency in the compensation and benefits function would be reported to be affected by the local culture, legal context and the labor market conditions by local HR managers. However, multiple regression analysis revealed that the reported effects of the Turkish culture and the labor market conditions on the localization tendency of the compensation and benefits function were significant, whereas the reported effect of the legal context was not significant as can be seen from Table 5. The data provided partial support for Hypothesis 4.

Table 5. Multiple regression analysis testing the factors related to localization tendency in each HRM function

	B	SE of B	β	R^2	F(3,47)
Criterion: Localization in Recruitment and Selection				0.28	6.01
1. Reported effect of Turkish culture	0.77	0.37	0.29*		
2. Reported effect of legal context	-0.12	0.36	-0.04		
3. Reported effect of labor market conditions	0.85	0.32	0.35**		
Criterion: Localization in Performance Appraisal				0.44	12.24
1. Reported effect of Turkish culture	1.73	0.36	0.57***		
2. Reported effect of legal context	-0.53	0.46	-0.13		
3. Reported effect of labor market conditions	1.04	0.68	0.18		
Criterion: Localization in Training and Development				0.16	2.99
1. Reported effect of Turkish culture	0.11	0.41	0.04		
2. Reported effect of legal context	0.01	0.67	0.00		
3. Reported effect of labor market conditions	1.09	0.37	0.39**		
Criterion: Localization in Compensation and Benefits				0.28	5.97
1. Reported effect of Turkish culture	1.32	0.50	0.33**		
2. Reported effect of legal context	0.77	0.70	0.14		
3. Reported effect of labor market conditions	0.96	0.37	0.33**		

* $p<.05$, ** $p\leq.01$, *** $p<.001$

As an exploratory analysis, the average localization tendencies for each practice asked in the questionnaire were presented in Table 6. Practice 2 which was related to selection criteria had the highest average localization score in recruitment and selection function, practices 5 and 6 which were measuring the performance criteria and method had the highest average localization scores in the performance appraisal function. Practice 9 which was related to training budget had the highest average localization score in training and development function. Practice 13 which was about the types of benefits had the highest average localization score in the compensation and benefits function.

Table 6. Average localization tendency scores of each HRM practice

	Practice Number	Average localization tendency score of the practice
Recruitment and Selection	1-Recruitment source	2.67
	2-Selection criteria	2.76
	3-Recruitment method	2.49
	4-Selection method	2.61
Performance Appraisal	5-Performance criteria	2.08
	6-Appraisal method	2.08
	7-Performance feedback	1.94
	8-Frequency of appraisal	2.04
Training and Development	9-Investment in training	2.84
	10-Method used in determination of needs	2.53
	11-Determination of needs	2.67
	12-Content of the training	2.80
Compensation and Benefits	13-Compensation method	2.24
	14-Wage determination	2.44
	15-Type of benefits	2.76
	16-Performance-reward contingency	2.44

4.2 Organizational Factors Related to the Localization Tendency in MNCs

Before testing the hypotheses, the overall localization tendency score was calculated. There were sixteen questions measuring the localization tendency in HRM practices yielding an internal consistency estimate of 0.92 (Cronbach’s alpha) which justified the aggregation of sixteen items to create a composite score indicating the overall localization tendency of MNCs. The factors that are hypothesized to be related to the overall localization tendency were the nationality of the parent company, the management orientation, headquarter-to-subsidiary flow, industry, percentage of foreign ownership and number of expatriates in the local unit.

As indicated in the Participants section, data were received from 21 European countries (i.e., Germany, Netherlands, Switzerland, Italy, Sweden, France, England and Finland). In order to justify the aggregation, among the localization score across these European companies, we first tested whether or not there were significant differences among them using ANCOVA controlling for all other variables. The analysis revealed that there was no significant difference in localization tendencies among MNCs from these European countries ($F(7, 4) = 0.892$, $p > .05$).

In the same way, data were received from IT, Service and FMCG industries. Service and FMCG industries were aggregated and grouped under the category of multi-domestic industry. In order to justify the aggregation, we tested whether or not there were significant differences between them through ANCOVA. The analysis revealed that there was no significant difference in localization tendencies between Service and FMCG industries ($F(1, 19) = 2.95$, $p > .05$).

As stated in the Introduction, headquarter-to-subsidiary flow variable included four dimensions which were low dependence on local inputs, frequency of communication with the parent company, the dependence on the parent in terms of know-how and expatriates. As the number of expatriates was a continuous variable, it could not be aggregated with the other three ordinal variables in headquarter-to-subsidiary flow. The question measuring the dependence on local inputs has been reverse coded in order to be consistent in the data analysis. A reliability analysis was conducted for these three questions resulting in an alpha of 0.54. Although it was less than 0.60, it was considered as barely sufficient for a 3-item scale. This internal consistency provided justification to aggregate the scale scores by taking the means of three items.

In total, there were three continuous (i.e., headquarter-to-subsidiary flow, number of expatriates, percentage of foreign ownership) and three categorical independent variables (i.e., the nationality of the parent company, management orientation and industry). The categorical variables were dummy coded so that they could be put into the multiple regression analysis with other three continuous variables. The coding scheme is shown in Table 7.

Table 7. Dummy coding of categorical variables

	dummy 1	dummy2
USA	1	0
Japan	-1	1
Europe	0	-1
Ethnocentric	1	0
Polycentric	-1	1
Geocentric	0	-1
Multi-domestic	1	
Global	0	

To test the Hypotheses 5 to 10 (except Hypothesis 7), all these predictors were put into the multiple regression analysis with forced entry method by taking the dummy variables (i.e., the nationality of the parent company, management orientation, industry) and the three continuous variables (i.e., headquarter-to-subsidiary flow, percentage of foreign ownership and number of expatriates) as the independent variables and the overall localization tendency score as the dependent variable. The model has an R-square of .49, meaning that the independent variables explain 49% of the overall localization tendency in HRM practices in MNCs. The model was significant ($F(8,37)= 4.37$, $p< .005$). Since the tolerance values for all predictors in the model were higher than 0.2 and all the VIF values were lower than the threshold level of 2, it can be concluded that the multicollinearity between the predictors was negligible.

The multiple regression included eight predictors that are not highly correlated for a sample size of 51. The probability of detecting moderate effect (detectable beta= 0.5) was 0.81 whereas the probability of detecting small effect (detectable beta= 0.3) was 0.40. Since the tolerance level to detect an effect is 0.70, the analysis have probably detected large and moderate effects but not detected small effects. Table 8 summarizes the results of the multiple regression analysis with forced entry method.

Table 8. Multiple regression analysis with thcriterion of overall localization tendency

	B	SE of B	β	R^2
Overall model				0.49
Percentage of foreign ownership	0.00	0.01	-0.02	
Number of expatriates	0.10	0.04	0.30^{*}	
Headquarter-to-subsidiary flow	0.30	0.17	0.28^{t}	
Nationality dummy 1(USA=1, Japan=-1, EU=0)	-0.18	0.15	-0.16	
Nationality dummy 2(USA=0, Japan=1, EU=-1)	-0.25	0.16	-0.23	
Management orientation dummy1(eth=1, poly= -1, geo=0)	-0.51	0.19	-0.32^{**}	
Management orientation dummy 2(eth=0, poly=1, geo=-1)	0.32	0.16	0.24^{*}	
Industry dummy (multi-domestic=1, global=0)	-0.14	0.26	-0.08	

^{t} $p<.10$, * $p<.05$, ** $p<.01$, *** $p<.001$

Hypothesis 5 stated that an increase in cultural distance led to an increase in the localization tendency and the degree of localization would be in the following decreasing order: Europe, USA and Japan. The analysis revealed that the nationality of the parent company could not explain a significant amount of variance in the overall localization tendency of HRM practices. The data provided no support for Hypothesis 5. Yet, when the countries were ranked according to the mean of the degree of overall localization tendency, the ranking came out to be in the following decreasing order: Europe (*M*= 2.92, *SD*= 1.00), Japan (*M*= 2.31, *SD*= 0.58), USA (*M*= 2.15, *SD*= 0.66) as hypothesized.

Hypothesis 6 suggested that polycentric MNCs would be more localized than ethnocentric and geocentric MNCs in HRM practices. The analysis revealed that the management orientation of the MNC explained a significant amount of variance in the overall localization tendency of HRM practices. The results revealed that polycentric MNCs have a higher localization tendency than ethnocentric and geocentric MNCs. When the management orientation choices were ranked according to the mean of the degree of overall localization tendency, the ranking came out to be in the following decreasing order: polycentric (M= 3.79, SD= 1.13), geocentric (M= 2.40, SD= 0.68), ethnocentric (M= 2.22, SD= 0.90). So, the data provided support for Hypothesis 6.

Hypothesis 8 proposed that the degree of localization in HRM practices of MNCs decreased as the MNC's ownership status favored foreign partnership. The analysis revealed that the foreign ownership percentage of the MNC could not explain a significant amount of variance in the overall localization tendency of HRM practices. Therefore, the data provided no support for Hypothesis 8. Yet, the direction of the relationship appeared to be negative as hypothesized.

Hypothesis 9 stated that HRM practices of MNCs operating in multi-domestic industries would be more likely to follow local practices compared to those in global industries. The analysis revealed that the industry in which the MNC operates could not explain a significant amount of variance in the overall localization tendency of HRM practices. So, the data did not support Hypothesis 9.

Hypothesis 10 suggested that the higher the flow from the parent company to the subsidiary in terms of expatriates and information and the lower the dependency of the subsidiary on the local resources, the lower the degree of localization in HRM practices of MNCs. The results have indicated that there was a moderately significant correlation between the overall localization tendency and headquarter-to-subsidiary flow. The results also indicated that there was a significant correlation between the number of expatriates and the overall localization tendency but in the positive direction; opposite to the hypothesized direction. So, Hypothesis 10 was not supported by the data.

In order to test the Hypothesis 7 which suggested that there would be an interaction between nationality of parent company and management orientation, a 3x3 between-subject ANCOVA was conducted. The interaction between the nationality of the parent company and management orientation was not significant ($F(4,33) = 0.90$, $p > .05$). So, Hypothesis 7 was not supported.

4. 3 Effects of Localization: Satisfaction Level of Employees and HR Managers

Hypothesis 11 stated that the higher the degree of localization in HRM practices of MNCs, the higher the satisfaction level of HR managers and the perceived satisfaction level of employees by HR managers. In order to test Hypothesis 11, two correlation analyses were conducted. The first one was measuring the satisfaction level of HR managers with the overall localization tendency. The results indicated that there was no significant correlation ($r = -0.19$, $p >$

.05). The second one was measuring the perceived satisfaction level of employees by HR managers with the overall localization tendency. The results indicated that there was no significant correlation (r= -0.11, p> .05). Additionally, the direction of the correlations came out to be in the opposite way compared to the hypothesized one. So, Hypothesis 11 was not supported.

As an exploratory analysis, the localization tendency preferences of human resource managers who were unhappy with the current degree of the localization tendency were examined. The mean score came out to be 2.57 and only 2 of 14 wanted more localization whereas 7 of 14 wanted more global standardization and the remaining 5 wanted more balance. So, it can be concluded that the preferences of unhappy HR managers is leaning towards more global standardization.

Table 9 on the following page provides the intercorrelations among all study variables.

Table 9. Intercorrelations among the study variables

		Mean	SD	1	2	3	4	5	6	7	8	9	10
	Dependent variable of the study												
1	Localization tendency of overall HRM practices	2.46	0.83	-	0.41^{***}	0.05	0.47^{***}	-0.12	-0.26	-0.38^{*}	0.31^{*}	0.00	-0.14
	Host country factors												
2	Reported effect of the Turkish culture	0.22	0.24		-	0.28^{**}	0.42^{**}	-0.16	0.12	-0.59^{***}	0.18	-0.08	-0.19
3	Reported effect of the legal context	0.12	0.16			-	0.19	0.08	0.12	-0.13	-0.36^{*}	0.23	0.14
4	Reported effect of the labor market conditions	0.31	0.23				-	0.01	0.08	-0.50^{***}	0.08	0.17	-0.09
	Independent variables of the second purpose												
5	Nationality dummy 1 (USA=1, Japan=-1, EU=0)	0.16	0.76					-	-0.32^{*}	0.00	-0.09	0.39^{**}	0.12
6	Nationality dummy 2 (USA=0, Japan=1, EU=-1)	-0.20	0.78						-	0.11	0.05	-0.27	0.00
7	Management orientation dummy 1 (eth=1, poly=-1, geo=0)	0.13	0.54							-	-0.02	-0.05	0.14
8	Management orientation dummy 2 (eth=0, poly=1, geo=-1)	-0.61	0.65								-	-0.14	-0.02
9	Industry dummy (global=0, multi-domestic=1)	0.57	0.50									-	-0.05
10	Percentage of foreign ownership	93.01	15.34										-
11	Headquarter-to-subsidiary flow	2.12	0.76										
12	Number of expatriates	2.43	3.01										
	Independent variables of the third purpose												
13	Satisfaction of HR manager with localization	4.20	1.07										
14	Perceived satisfaction of employees with localization by HR manager	4.04	0.96										
	Organizational demographics												
15	Duration of operations in Turkey	21.74	24.65										
16	Firm size	728.88	925.25										

p<.05, ** p<.01, *** p<.001

		10	11	12	13	14	15	16
	Dependent variable of the study							
1	Localization tendency of overall HRM practices	-0.14	0.31*	0.27	-0.19	-0.11	-0.12	0.31**
	Host country factors							
2	Reported effect of the Turkish culture	-0.19	0.05	0.07	-0.16	-0.16	-0.09	-0.02
3	Reported effect of the legal context	0.14	-0.16	-0.02	0.04	0.19	-0.19	-0.12
4	Reported effect of the labor market conditions	-0.09	0.33*	-0.23	-0.03	-0.10	-0.21	-0.02
	Independent variables of the second purpose							
5	Nationality dummy 1 (USA=1, Japan=-1, EU=0)	0.12	0.12	-0.09	0.17	0.35*	0.04	0.02
6	Nationality dummy 2 (USA=0, Japan=1, EU=-1)	0.00	-0.23	-0.26	-0.15	-0.10	-0.41**	-0.45**
7	Management orientation dummy 1 (eth=1, poly=-1, geo=0)	0.14	-0.19	0.08	0.01	0.12	-0.04	0.06
8	Management orientation dummy 2 (eth=0, poly=1, geo=-1)	-0.02	0.02**	0.13	-0.04	-0.12	-0.13	0.19
9	Industry dummy (global=0, multi-domestic=1)	-0.05	0.42	-0.15	0.13	0.24	-0.06	-0.04
10	Percentage of foreign ownership	-	-0.45**	-0.03	0.16	0.24	0.10	-0.04
11	Headquarter-to-subsidiary flow		-	-0.08	0.02	-0.02	-0.23	0.01
12	Number of expatriates			-	0.15	0.04	0.17	0.60***
	Independent variables of the third purpose							
13	Satisfaction of HR manager with localization				-	0.49***	0.17	0.20
14	Perceived satisfaction of employees with localization by HR manager					-	0.00	0.10
	Organizational demographics							
15	Duration of operations in Turkey						-	0.18
16	Firm size							-

* p<.05, ** p<.01, *** p<.001

Chapter 5

DISCUSSION

The overarching purpose of this study was to examine the factors related to the localization tendency of HRM practices in MNC subsidiaries in Turkey. There are three distinct purposes of this study. The first purpose was to examine the localization tendency in different human resource management functions and identify the host-country factors that are related to the localization tendency in each HRM function. The second purpose of this study was to examine the localization tendency in the overall HRM practices of MNCs and identify the organizational factors related to the overall localization tendency in MNCs. Thirdly, the study aimed at examining the satisfaction level of HR managers and the perceived satisfaction level of employees by HR managers with the degree of localization tendency in the overall HRM practices. Results overall indicated that the Turkish culture and the labor market conditions were the two host-country factors that are perceived to be related to the localization in HRM functions. Furthermore having a polycentric management orientation and a relatively high number of expatriates were associated with the overall localization tendency in HRM practices of MNCs. Finally, the satisfaction level of HR managers and perceived satisfaction level of employees by HR managers was not related to the localization of HRM practices.

Firstly, the factors related to the localization tendency in HRM functions will be discussed. It was expected that the Turkish culture would be reported to influence the localization tendency in the recruitment and selection, performance appraisal and compensation and benefits functions. The results have indicated that the cultural context indeed was perceived to be one of the important factors that MNCs took into consideration while localizing their HRM practices, especially in these three functions. The reported effect of the Turkish culture on the localization tendency was the highest in the performance appraisal function and the lowest in the training and development function.

The reported effect of the legal context was expected to affect the localization tendency in the performance appraisal and compensation and benefits functions. However, the results showed that legal context was perceived to affect none of the four HRM functions examined in the study. It was expected that the legal context would affect the performance appraisal function because according to the new Turkish labor law companies have to show actual performance results when firing employees for reasons of low performance according to the new Turkish Labor Law. The new labor law might not have perceived to affect the performance appraisal practices yet as it has a very short history but it is expected to affect these practices in the near future. On the other hand, the HR managers of those subsidiaries which already have an established performance appraisal system might not have reported legal context as a factor affecting the localization. It was expected that the legal context would affect the localization tendency in compensation and benefits function because of the country specific legislations such as minimum wage level or duration of maternal leave. The results might not show this relationship as some of these legislations such as minimum wage level affect only blue-collar workers. As the current study focuses on white-collar workers, the respondent HR managers might not have perceived legal context as an important issue for the localization. Other than that, the effect of legal context is usually seen on specific applications (e.g., duration of maternal leave) rather than general applications (e.g., wage determination, compensation methods). As the questionnaire contains questions about general practices, the HR managers might have ignored the legal context.

It was expected that the labor market conditions would be reported to affect the localization tendency in the recruitment and selection, training and development and compensation and benefits functions. The results have indicated that labor market conditions indeed was perceived to be one of the important factors that MNCs took into consideration while localizing their HRM practices, especially in these three functions. The reported effect of the labor market conditions on the localization tendency was the highest in the training and development function and the lowest in the performance appraisal function.

To sum up, the Turkish culture was reported to be the most influential host-country factor in the localization of performance appraisal, and compensation and benefits functions, whereas the labor market conditions was reported to be the most influential host-country factor in the localization of recruitment and selection, and training and development functions. The legal context was reported to be the least influential host-country factor in the localization of all four HRM functions.

Next, the factors related to the overall localization tendency in HRM practices across MNCs will be discussed. It was expected that the factors related to the localization tendency in MNCs would include the nationality of the parent company, management orientation, headquarter-to-subsidiary flow, industry, percentage of ownership and number of expatriates. The results showed that having a polycentric management orientation and having a a relatively high number of expatriates led to an increase in the overall localization tendency in HRM practices of MNCs. However, the analysis revealed that the interaction between the management orientation and the nationality of the parent company was not related to the localization. The reason might be that management orientation is a firm-specific issue rather than a country-specific one. The management orientations of different MNCs originated in the same country might not be homogeneous. The results showed that the nationality of the parent company did not have a significant effect on the localization tendency of HRM practices. Yet, the order of localization tendency was in the following expected decreasing order: Europe, Japan USA. It can therefore be concluded that the relationship between the management orientation and the localization tendency is stronger than the relationship between the nationality of the parent company and the localization tendency. The MNCs rely on their management strategies, rather than the cultural differences between the home and host country while making the localization decision of the subsidiary.

As expected, headquarter-to-subsidiary flow was moderately related to the localization in HRM practices. The effect of the number of expatriates on the localization tendency was also significant but the direction of the relationship was opposite to the expected one. As the number of expatriates increases, the degree of localization tendency increases. The reason for this might be that as the number of expatriates increase, the level of control of the MNC's headquarters on the subsidiary might decrease since the presence of expatriates provides an important control of the subsidiary. The decrease in control eventually might lead to a localization of practices. In contrast, the headquarters might not trust local managers in the absence of any expatriates representing the headquarters so that they might impose strict standardized rules on the local managers and practices.

The effect of the foreign ownership status was in the expected direction but did not show a significant effect on the localization tendency. The reason for this lack of significance might be the small sample size of the respondent subsidiaries with ownership status favoring local partnership. Increased percent of foreign ownership could have decreased the localization tendency had the sample been larger. In addition, the foreign partners in joint ventures (e.g. US joint ventures in Turkey) might have the so called "best practices" in HRM and the local partners might have underdeveloped HRM practices which in turn led to a dominance of the usage of HRM practices of the foreign partner in the joint venture.

The effect of the industry was not significant and this did not support the hypothesis. The reason behind this might be the fact that the localization tendency in the products and the services in multi-domestic industries might not be reflected to the same extent in the localization of HRM practices. These subsidiaries might localize their products or services according to the needs of their customers and internalize localization as a company strategy but might not transfer these strategic choices to their HRM policies as they might not perceive HRM as a strategic function.

Lastly, the effect of the localization tendency on the satisfaction level of HR managers and the perceived satisfaction level of employees by HR managers will be discussed. The effect of the localization tendency on the satisfaction level of HR managers and the perceived satisfaction level of employees by HR managers was not significant, contrary to the expectation of the study. Furthermore, for those HR managers who were not satisfied, an increase in the global standardization in HRM practices resulted in an increase in the satisfaction level. The reason might be related to the financial constraints. As the practices of the subsidiary differentiate from the ones of the headquarters, the allocated budget to those practices increases. Since each subsidiary has its own budget independent of the headquarters, this increment in budget should be supplied from the budget of HR department of the subsidiary. Therefore, HR managers might prefer global standardization instead of localization in order to control the cost associated with localization (e.g., administrating a new performance appraisal system). Moreover, it is easier for HR managers to persuade the employees in favor of the HR practices if the practices are similar to the ones in the headquarters. HR managers may think that employees perceive the global practices to be more objective than the local practices. As a result, they might think that employees would prefer global standardization.

This study has the potential to make a contribution to science and practice. As stated in the Introduction, the previous studies investigating the localization tendency of MNCs in HRM practices had a limited scope and concentrated on one HRM function at a time. This seems unsatisfactory as different HRM practices might have different degrees of localization tendency. This study has the potential to contribute to the literature by differentiating the localization tendencies across different HRM functions and the practices belonging to those functions. Additionally, the factors influencing the localization tendency of HRM practices in MNC subsidiaries in Turkey are examined. This is the first study in Turkey that attempts to identify the factors influencing the localization tendency in HRM practices across MNCs by collecting data from MNC subsidiaries. The results of this study will constitute a benchmark for potential foreign investors in terms of design and implementation of their HRM practices in Turkey.

Despite the strengths of the study, there are a number of limitations. Although the power analyses results for all multiple regression analyses have indicated that the sample size was adequate for detecting moderate effects, the results might have been more significant had the sample size been bigger. However, as the number of Japanese MNCs having an established HR department was low (approximately 20 MNCs) and they were very conservative in terms of information sharing, the desired number could not be reached. Moreover, there were almost no Japanese MNCs who were operating in a multi-domestic industry. They were mostly operating in global industries in Turkey.

The satisfaction level of employees could not be measured directly. As the employee satisfaction data were confidential, MNCs would not be willing to share this information with outside parties. If these data were to be requested, the sample size would have been even lower.

The HR managers were not asked for their level of knowledge about the practices in headquarters and the management orientation of the headquarters. More valid results might have been obtained if there would be a screening process for the degree of knowledge of HR managers about the practices in headquarters and the management orientation of the headquarters.

Although a detailed explanation page has been sent attached to the questionnaire, some concepts might have been not carefully read due to time constraints of HR managers. For example, HR managers might not have read the definitions carefully and might have understood labor market conditions as the qualifications of the candidates whereas it actually stands for the ease of finding employees with the desired qualifications. Therefore, HR managers might have answered some questions with their implicit understanding of the concepts, disregarding the explanation provided by the researcher.

The present study can be further developed in the future. This study investigated the localization of HRM practices for white collar non-managerial workers. The degree of localization tendency might be different for managerial positions. Future studies should examine the localization tendency in HRM practices for managerial positions which can complement the findings obtained in this study.

The worldwide experiences of different MNCs were not measured in this study. The more experienced the MNCs are the more global standardization they might apply in HRM practices. Therefore, this factor can also be considered as one of the factors influencing the localization tendency in HRM practices across MNCs in future studies. Additionally, the economic conditions of Turkey might affect the localization tendency in some HRM practices in addition to the factors mentioned in the study (i.e., the Turkish culture, the legal context and the labor market conditions). So, this factor can also be regarded as one of those factors influencing the localization tendency across HRM functions in future studies in Turkey.

REFERENCES

Adler, N. J. (1997). *International Dimensions of Organizational Behavior*. South-Western College Publishing, Ohio.

Aldrich, H. (1979). Organizations and Environments. Englewood Cliffs, NJ: Prentice-Hall.

Annavarjula, M. & Beldona, S. (2000). Multinationality-Performance Relationship: A Review and Reconceptualization. *The International Journal of Organizational Analysis*, *8*, 48-67.

Aycan, Z., Kanungo, R. N., Mendonca, M., Yu, K., Deller, J., Stahl, G. & Kurshid, A. (2000). Impact of Culture on Human Resource Management Practices: A 10-Country Comparison. *Applied Psychology: An International Review*, *49*, 192-221.

Aycan, Z., (2005). The Interplay between Cultural and Institutional/ Structural Contingencies in Human Resource Management Practices. *Journal of International Human Resource Management*, *16*, 1083-1121.

Aycan, Z. & Eskitaşçıoğlu, M., (2003). Human Resource Management in Multinational Companies. Unpublished MBA Thesis. Koc University, Istanbul.

Banai, M. (1990). The Ethnocentric Staffing Policy in Multinational Corporations: a Self-Fulfilling Prophecy. *The International Journal of Human Resource Management*, *1*, 451-472.

Barney, J. (1991). Firm Resources and Sustained Competitive Advantage. *Journal of Management*, *17*, 99-120.

Barnouw, V. (1963). *Culture and Personality*. Homewood, III.: Dorsey Press.

Bartlett, C. & Ghoshal, S. (1991). *Managing Across Borders: Transnational Solution*. London: London Business School.

Beechler, S. & Yang, J. Z. (1994). The Transfer of Japanese-Style Management to American Subsidiaries: Contingencies, Constraints, and Competencies. *Journal of International Business Studies*, *25*, 467-491.

Bjorkman, I. & Lu, Y. (1997). HRM Practices in China-Western Joint Ventures: MNC Standardization versus Localization. *The International Journal of Human Resource Management*, *8*, 614-628.

Bjorkman, I. & Lu, Y. (1999). The Management of Human Resources in Chinese-Western Joint Ventures. *Journal of World Business*, *34*, 306-325.

Brewster, C. (1995). 'Towards a European Model of Human Resource Management'. *Journal of International Business Studies*, *26*, 1-21.

Budhwar, P. S. & Sparrow, P. (2002). An Integrative Framework for Understanding Cross National Human Resource Management Principles. *Human Resource Management Review*, *12*, 377-403

Campbell, N. & Burton, F. (1994). *Japanese Multinationals*. London: Routledge.

DiMaggio, P. J. & Powell, W. W. (1983). The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields. *American Sociological Review*, *48*, 147-160.

Dowling, P.J & Schuler, R.S. (1990). *International Dimensions of Human Resource Management*. Boston: PWS-Kent.

Doz, Y. L., Bartlett, A. C. & Prahalad, C. K. (1981). Global Competitive Pressures and Host Country Demands: Managing Tensions in MNCs. *California Management Review*, *23*, 63-74.

Doz, Y. L. & Prahalad, C.K. (1981). Headquarters Influence and Strategic Control in MNCs. *Sloan Management Review*, *23*, 15-29.

Dunning, J. H. (1971). *The Multinational Enterprise*. New York: Praeger.

Edström, A. & Galbraith, J. R. (1977). Transfer of Managers as a Co-ordination and Control Strategy in Multinational Organizations. *Administrative Science Quarterly*, *22*, 248-63.

Fennell, M. L. (1980). The Effects of Environmental Characteristics on the Structure of Hospital Clusters. *Administrative Science Quarterly*, *25*, 484-510.

Ferner, A. (1997). Country of Origin Effects and HRM in Multinational Companies. *Human Resource Management Journal*, *7*, 19-37.

Ferner, A. & Quintanilla, J. (1998). Multinationals, National Business Systems and HRM: the Enduring Influence of National Identity or a Process of Anglo-Saxonization. *The International Journal of Human Resource Management*, *9*, 710-731.

Gamble, J. (2003). Transferring Human Resource Practices from the United Kingdom to China: the Limits and Potential for Convergence. *International Journal of Human Resource Management*, *14*, 369-387.

Gellerman, S. W. (1967). Passivity, Paranoia, and 'Pakikisama'. *Columbia Journal of World Business*, *2*, 59-66.

Gomez-Mejia, L.R., Balkin, D.B. & Cardy, R.L. (2001). *Managing Human Resources*. New Jersey: Prentice-Hall.

Hannan, M. T. & Freeman, J. H. (1977). The Population Ecology of Organizations. *American Journal of Sociology*, *82*, 929-964.

Harzing, A. & Ruysseveldt, J. V. (2004). *International Human Resource Management*. Great Britain: Cromwell Press.

Hiltrop, J. M. (1999). The Use of HRM Practices in International and Domestic Organizations. *New Zealand Journal of Industrial Relations*, *24*, 47-61.

Hiltrop, J. M. (2002). Mapping the HRM Practices of International Organizations. *Strategic Change*, *11*, 329-338.

Hofstede, G. H. (1980). *Culture's Consequences: International Differences in Work-related Values*. Beverly Hills: Sage.

Hofstede, G. H. (2001), *Culture's Consequences.* Sage: Thousand Oaks.

House, R. J. & Aditya, R. (1997). The Social Scientific Study of Leadership: Quo Vadis?. *Journal of Management*, *23*, 409-474.

House, R. J., Hanges, P. J., Javidan, M., Dorfman, P. W. & Gupta, V., (2004). *Culture, Leadership, and Organizations : The GLOBE Study of 62 Societies*. SAGE Publications

Huang, T. (2000). Human Resource Management Practices at Subsidiaries of Multinational Corporations and Local Firms in Taiwan. *International Journal of Selection and Assessment, 8*, 22-28.

Humes, S. (1993). *Managing the Multinational Confronting the Global-Local Dilemma*. United Kingdom: Prentice Hall International.

Huo, Y. P., Huang, H. J. & Napier, N. K. (2002). Divergence or Convergence: A Cross-National Comparison of Personnel Selection Practices. *Human Resource Management*, *41*, 31-44.

Huselid, M.A., Jackson., S.E., & Schuler, R.S. (1997). Technical and Strategic Human Resource Management Effectiveness as Determinants of Firm Performance. *Academy of Management Journal*, *40*, 171-188.

Jackson, T. (2002). *International HRM, a Cross- Cultural Approach*. London: Sage Publications.

Jain, H. C., Lawler, J. J. & Morishima, M. (1998). Multinational Corporations, Human Resource Management and Host Country Nationals. *The International Journal of Human Resource Management*, *9*, 553-567.

Kobayashi, N. (1982). The Present and Future of Japanese Multinational Enterprises. *International Studies of Man and Organization*, *12*, 38-58.

Kogut, B. & Singh, H. (1988). The Effect of National Culture on the Choice of Entry Mode. *Journal of International Business Studies*, *19*, 411-430.

Kotler, P. & Amstrong, G. (2001). *Principles of Marketing*. Prentice-Hall: New Jersey.

Lindholm, N. (2000). National Culture and Performance Management in MNC Subsidiaries. *International Studies of Management and Organization*, *29*, 45-66.

Mendonca, M. & Kanungo, R. N. (1994). Managing Human Resources: The Issue of Culture Fit. *Journal of Management Inquiry*, *3*, 189-205.

Meyer, J. W. & Rowan, B. (1977). Institutionalized Organizations: Formal Structure as Myth and Ceremony. *American Journal of Sociology, 83*, 343-363.

Morgan, G., Kristensen, P. H. & Whitley, R. (2001). *The Multinational Firm, Organizing Across Institutional and National Divides*. New York: Oxford University Press.

Morrison, A. & Roth, K. (1990). An Empirical Analysis of the Integration-Responsiveness Framework in Global Industries. *Journal of International Business Studies*, *4*, 541-564.

Namazie, P. (2003). Factors Affecting the Transferability of HRM Practices in Joint Ventures in Iran. *International Career Development*, *8*, 357-367.

Newman, K. L. & Nollen, S. D. (1996). Culture and Congruence: The Fit between Management Practices and National Culture. *Journal of International Business Studies*, *4*, 753-779.

Palich, L. E. & Gomez-Mejia, L. R. (1999). A Theory of Global Strategy and Firm Efficiencies: Considering the Effects of Cultural Diversity. *Journal of Management*, *25*, 587-606.

Perlmutter, H. V. (1969). The Tortuous Evolution of the Multinational Corporation. *Columbia Journal of World Business*, *4*, 9-18.

Pfeffer, J. & Salancik, G. (1978). *The External Control of Organizations: A Resource Dependence Perspective*. New York: Harper & Row.

Pinnington, A. & Edwards, T. (2000). *Introduction to Human Resource Management*. New York: Oxford University Press.

Porter, M. E. (1986). Changing Patterns of International Competition. *California Management Review*, *2*, 9-40.

Purcell, J., Marginson, P., Edwards, P. & Sissons, K. (1987). The Industrial Relations Practices of Multi-Plant Foreign Owned Firms. *Industrial Relations Journal*, *18*, 130-137.

Rosenzweig, P. M. & Singh, J. V. (1991). Organizational Environments and the Multinational Enterprise. *Academy of Management Review*, *16*, 340-361.

Rosenzweig, P. M. & Nohria, N. (1994). Influences on Human Resource Management Practices in Multinational Corporations. *Journal of International Business Studies*, *25*, 229-251.

Schuler, R. S., Dowling, P. J. & De Cieri, H. (1993). An Integrative Framework of Strategic Human Resource Management. *Journal of Management*, *19*, 419-459.

Schuler, R. & Florkowski, G. (1994). *'Research in Human Resource Management'*. Handbook of International Management Research. London: Blackwell.

Schwartz, S. H. & Bilsky, W. (1990). Toward a Theory of the Universal Content and Structure of Values: Extensions and Cross-Cultural Replications. *Journal of Personality and Social Psychology*, *58*, 878-891.

Sturmey, P., Newton, J. T., Cowley, A., Bouras, N. & Holt G., (2005). The PAS-ADD Checklist: Independent Replication of its Psychometric Properties in a Community Sample. *The British Journal of Psychiatry*, *186*, 319-323

Sundaram, A. K. & Black, J. S. (1992). The Environment and Internal Organization of Multinational Enterprises. *Academy of Management Review*, *17*, 729-757.

Symington, J. W. (1983). *"Learn Latin America's Culture"*. New York Times.

Tayeb, M. H., (1995). The Competitive Advantage of Nations: The Role of HRM and its Socio-cultural Context. *International Journal of Human Resource Management*, *6*, 588-605.

Tayeb, M. H., (1998). Transfer of HRM Practices Across Cultures: An American Company in Scotland. *International Journal of Human Resource Management*, *9*, 332-358.

Trompenaars, F. (1993) *Riding the Waves of Culture: Understanding Cultural Diversity in Business*. London: Nicholas Brealey.

Vance, C. M., McClaine, S. R., Boje, D. M. & Stage, H. D. (1992). An Examination of the Transferability of Traditional Performance Appraisal Principles Across Cultural Boundaries. *Management International Review*, *32*, 313-326.

APPENDIX A: Explanation Page of the Questionnaire

Aşağıda, ankette yer alan bazı terimler size yardımcı olmak amacıyla detaylı olarak açıklanmıştır.

Global standardizasyon: Firmanın tüm dünyadaki şubelerinde, merkez firmayla aynı insan kaynakları uygulamalarının kullanılmasıdır. Eğer şubedeki (Türkiye'deki firma) insan kaynakları uygulamaları, merkez firmanın uygulamalarıyla bire bir aynıysa tamamen global standardizasyon var demektir.

Lokalizasyon: İnsan kaynakları uygulamalarının şubenin bulunduğu ülkedeki yerel koşullara göre değiştirilmesidir. Şubenin faaliyet gösterdiği ülkedeki koşullar, merkez firmanın bulunduğu ülkenin koşullarından farklılaştıkça lokalizasyonun artması beklenir.

Global standardizasyon lokalizasyon
(1) ---------------- (2) ----------------- (3) ----------------- (4) ---------------- (5)

1) tamamen global standardizasyon
2) çoğunlukla global standardizasyon
3) global standardizasyon-lokalizasyon dengesi vardır
4) çoğunlukla lokalizasyon
5) tamamen lokalizasyon

Türk kültürünün özellikleri: Türkiyede yaşayan insanların genel tutum ve davranışlarıdır. Örnek: Türkiyede üst-ast ilişkilerinin daha mesafeli olması kültürel bir özelliktir.

Merkez firmanın yönetim yaklaşımı: Firmanın, şubelerindeki yönetim uygulamalarında global standardizasyon ve/veya lokalizasyon yapmak konusunda aldığı karardır.

Üç farklı yaklaşım izlenebilir:

a) tüm şubelerdeki yönetim uygulamaları merkez firmanın uygulamalarına benzer.

b) şubelerdeki yönetim uygulamaları bulundukları ülkelerin uygulamalarına benzer.

c) şubelerdeki yönetim uygulamaları ana hatlarıyla tüm dünyada ortak olmakla birlikte, alt uygulamalarda lokal varyasyonlar vardır. Uluslararası standartlar belirlenirken her şube farklı bir görev alır, daha sonra şubelerden gelen bilgiler birleştirilip firmanın dünya çapındaki uygulamaları ortaya çıkarılır. Her şube bulunduğu ülkenin şartlarına göre alt uygulamalarda adaptasyona gidebilir.

İş kanunundaki yasal yükümlülükler: 4857 sayılı iş kanunundaki işverenin yerine getirmesi beklenen yükümlülükler.

İşgücü piyasası: Aranan özelliklerdeki adayların kolay bulunup bulunamaması.

APPENDIX B: Questionnaire

Değerli katılımcı,

Katılımınızı rica ettiğimiz bu araştırma, Koç Üniversitesi Endüstri ve Örgüt Psikolojisi Yüksek Lisans Programı bitirme tezi araştırmasıdır. Gönüllü olarak katılacağınız bu araştırma için yalnızca 20 dakikanızı ayırmanız yeterli olacaktır. Bu çalışmanın amacı, Türkiye'deki yabancı sermayeli firmaların insan kaynakları uygulamalarında, lokalizasyon veya global standardizasyon tercihlerini ne yönde kullandıklarını anlamaktır. **Araştırmanın sonuçları, Türkiye'nin önde gelen yabancı sermayeli firmalarının insan kaynakları uygulamalarını benchmark imkanı sağlayacak bir rapor halinde size sunulacaktır.**

<u>Anketi doldururken dikkat edilmesi gereken konular:</u>

- Bu anketi cevaplamak için insan kaynakları müdürü veya direktörü olmanız, ve bu pozisyonda en az altı aydır çalışıyor olmanız gerekmektedir.
- Anketi cevaplarken beyaz yakalı ve <u>yönetici olmayan</u> çalışanlara yönelik uygulamaları düşününüz.
- Lütfen anketin hiçbir yerine kendi isminizi veya firmanızın ismini yazmayınız.
- Araştırmadaki hiç bir sorunun doğru veya yanlış yanıtı yoktur. Araştırmanın sağlıklı sonuçlara ulaşması, katılımın yüksek olmasına ve cevapların samimi olmasına bağlıdır.
- Ankette dört ana insan kaynakları fonksiyonu ile ilgili sorular yer almaktadır. Her biri için, sizin firmanızdaki uygulamayı en iyi temsil ettiğini düşündüğünüz tanımlamayı ölçeği kullanarak belirtiniz.
- Anketi tamamladığınızda lütfen size gönderilen diğer zarfın içine koyup postalayınız.
- Size yardımcı olmak için ilk soru detaylı bir şekilde açıklanmıştır.
- Lütfen dikkatle inceleyin. Araştırmadaki diğer sorular da aynı şekilde cevaplanacaktır.

Katkılarınızdan dolayı teşekkür ederiz.

Öncelikle, bağlı olduğunuz uluslararası firmanın yönetim yaklaşımını(management orientation) öğrenmek istiyoruz.

Lütfen aşağıdaki soruyu dikkatle okuyup, bir şıkkı yuvarlak içine alınız.

Uluslararası firmanın (headquarter), yönetim yaklaşımı (management orientation) nasıldır?

a) tüm şubelerdeki yönetim uygulamaları merkez firmanın uygulamalarına benzer.

b) şubelerdeki yönetim uygulamaları bulundukları ülkelerin uygulamalarına benzer.

c) şubelerdeki yönetim uygulamaları ana hatlarıyla tüm dünyada ortak olmakla birlikte, alt uygulamalarda lokal varyasyonlar vardır. Uluslararası standartlar belirlenirken her şube farklı bir görev alır, daha sonra şubelerden gelen bilgiler birleştirilip firmanın dünya çapındaki uygulamaları ortaya çıkarılır. Her şube bulunduğu ülkenin şartlarına göre alt uygulamalarda adaptasyona gidebilir.

İŞE ALMA VE YERLEŞTİRME

Her bir 5'li ölçekte uygun olan bir sayıyı yuvarlak içine alınız.

Firmanızın şu andaki uygulaması:

1) Firmanızda eleman ihtiyacı organizasyon içinden mi dışından mı karşılanmaktadır?

Dışından İçinden

(1) ------------------------ (2) ------------------------ (3) ------------------------ (4) ------------------------ (5)

Sadece Çoğunlukla Eşit oranda Çoğunlukla Sadece

Bu uygulama;

Merkez firmanın uygulamalarına benzer (global standardizasyon) — yerel koşullara göre değiştirilmiştir (lokalizasyon)

(1) ------------------------ (2) ------------------------ (3) ------------------------ (4) ------------------------ (5)

Tamamen Çoğunlukla Eşit oranda Çoğunlukla Tamamen

Yukarıda verdiğiniz cevap doğrultusunda, global standardizasyon veya lokalizasyon tercihinde aşağıdaki faktörlerden <u>hangisi veya hangileri</u> etkili olmuştur işaretleyiniz.

☐ Türk kültürünün özellikleri ☐ Merkez firmanın yönetim yaklaşımı ☐ İş kanunundaki yasal yükümlülükler ☐ İşgücü piyasası

İleri sayfalardaki soruların da aynı şekilde cevaplanması gerekmektedir.

2) Eleman seçme sisteminde ağırlıklı olarak hangi kriter kullanılmaktadır?

Teknik bilgi ve beceriler — davranışsal yetkinlikler ve kişilik özellikleri

(1) ------------------------ (2) ------------------------ (3) ------------------------ (4) ------------------------ (5)
Sadece — Çoğunlukla — Eşit oranda — Çoğunlukla — Sadece

Global standardizasyon — lokalizasyon

(1) ------------------------ (2) ------------------------ (3) ------------------------ (4) ------------------------ (5)
Tamamen — Çoğunlukla — Eşit oranda — Çoğunlukla — Tamamen

☐ Türk kültürünün özellikleri ☐ Merkez firmanın yönetim yaklaşımı ☐ İş kanunundaki yasal yükümlülükler ☐ İşgücü piyasası

3) Firmaya personel temininde ağırlıklı olarak kullanılan yöntem nedir?

Standart personel sağlama yöntemleri
(ilan vermek, fuarlar, kampüs ziyaretleri vb.) — tanıdık vasıtasıyla

(1) ------------------------ (2) ------------------------ (3) ------------------------ (4) ------------------------ (5)
Sadece — Çoğunlukla — Eşit oranda — Çoğunlukla — Sadece

Global standardizasyon — lokalizasyon

(1) ------------------------ (2) ------------------------ (3) ------------------------ (4) ------------------------ (5)
Tamamen — Çoğunlukla — Eşit oranda — Çoğunlukla — Tamamen

☐ Türk kültürünün özellikleri ☐ Merkez firmanın yönetim yaklaşımı ☐ İş kanunundaki yasal yükümlülükler ☐ İşgücü piyasası

4) Eleman seçme sisteminizde ağırlıklı olarak kullandığınız değerlendirme yöntemleri standartlaştırılmış değerlendirmeler mi yoksa esnek değerlendirmeler mi ?

standart ve objektif uygulamalar
(testler veya *standartlaştırılmış* görüşmeler) — standartlaştırılmamış, esnek değerlendirmeler

(1) ------------------------ (2) ------------------------ (3) ------------------------ (4) ------------------------ (5)
Sadece — Çoğunlukla — Eşit oranda — Çoğunlukla — Sadece

Global standardizasyon — lokalizasyon

(1) ------------------------ (2) ------------------------ (3) ------------------------ (4) ------------------------ (5)
Tamamen — Çoğunlukla — Eşit oranda — Çoğunlukla — Tamamen

☐ Türk kültürünün özellikleri ☐ Merkez firmanın yönetim yaklaşımı ☐ İş kanunundaki yasal yükümlülükler ☐ İşgücü piyasası

PERFORMANS DEĞERLENDİRME:

5) Performans değerlendirme sisteminizde ağırlıklı olarak ne tür performans kriterleri kullanmaktasınız?

Hedeflere ulaşma ve objektif iş çıktıları — tutum ve davranışlar

(1) ------------------------ (2) ------------------------ (3) ------------------------ (4) ------------------------ (5)
Sadece — Çoğunlukla — Eşit oranda — Çoğunlukla — Sadece

Global standardizasyon — lokalizasyon

(1) ------------------------ (2) ------------------------ (3) ------------------------ (4) ------------------------ (5)
Tamamen — Çoğunlukla — Eşit oranda — Çoğunlukla — Tamamen

☐ Türk kültürünün özellikleri ☐ Merkez firmanın yönetim yaklaşımı ☐ İş kanunundaki yasal yükümlülükler ☐ İşgücü piyasası

6) Nasıl bir performans değerlendirme yöntemi kullanıyorsunuz?

Üstlere ek olarak başka değerlendiricilerin de olduğu bir sistem — sadece üstlerin astı değerlendirdiği bir sistem

(1) ------------------------ (2) ------------------------ (3) ------------------------ (4) ------------------------ (5)
Sadece — Çoğunlukla — Eşit oranda — Çoğunlukla — Sadece

Global standardizasyon — lokalizasyon

(1) ------------------------ (2) ------------------------ (3) ------------------------ (4) ------------------------ (5)
Tamamen — Çoğunlukla — Eşit oranda — Çoğunlukla — Tamamen

☐ Türk kültürünün özellikleri ☐ Merkez firmanın yönetim yaklaşımı ☐ İş kanunundaki yasal yükümlülükler ☐ İşgücü piyasası

7) Çalışanlara performans degerlendirme sonuçları ile ilgili geribildirim nasıl verilir?

Üstü tarafından doğrudan ve açık — üstü tarafından dolaylı, üstü kapalı,incelikle

(1) ------------------------ (2) ------------------------ (3) ------------------------ (4) ------------------------ (5)
Sadece — Çoğunlukla — Eşit oranda — Çoğunlukla — Sadece

Global standardizasyon — lokalizasyon

(1) ------------------------ (2) ------------------------ (3) ------------------------ (4) ------------------------ (5)
Tamamen — Çoğunlukla — Eşit oranda — Çoğunlukla — Tamamen

☐ Türk kültürünün özellikleri ☐ Merkez firmanın yönetim yaklaşımı ☐ İş kanunundaki yasal yükümlülükler ☐ İşgücü piyasası

8) Çalışanların performansı hangi sıklıkta değerlendirilmektedir ?

Belli zamanlarda yapılan resmi/formel görüşmeler — yılın her zamanı yapılan gayriresmi görüşmeler

(1) ------------------------ (2) ------------------------ (3) ------------------------ (4) ------------------------ (5)
Sadece — Çoğunlukla — Eşit oranda — Çoğunlukla — Sadece

Global standardizasyon — lokalizasyon

(1) ------------------------ (2) ------------------------ (3) ------------------------ (4) ------------------------ (5)
Tamamen — Çoğunlukla — Eşit oranda — Çoğunlukla — Tamamen

☐ Türk kültürünün özellikleri ☐ Merkez firmanın yönetim yaklaşımı ☐ İş kanunundaki yasal yükümlülükler ☐ İşgücü piyasası

EĞİTİM VE GELİŞTİRME:

9) Firmanızın eğitime ayırdığı bütçe düşük müdür yüksek midir?

Çok düşük — Çok yüksek

(1) ------------------------ (2) ------------------------ (3) ------------------------ (4) ------------------------ (5)
Düşük — Orta — Yüksek

Global standardizasyon — lokalizasyon

(1) ------------------------ (2) ------------------------ (3) ------------------------ (4) ------------------------ (5)
Tamamen — Çoğunlukla — Eşit oranda — Çoğunlukla — Tamamen

☐ Türk kültürünün özellikleri ☐ Merkez firmanın yönetim yaklaşımı ☐ İş kanunundaki yasal yükümlülükler ☐ İşgücü piyasası

10) Eğitim ihtiyaçlarının belirlenmesinde ağırlıklı olarak kullanılan yöntem nedir?

Performans değerlendirme sonuçları veya objektif kriterler — yönetici talepleri veya kişisel ilişkiler

(1) ------------------------ (2) ------------------------ (3) ------------------------ (4) ------------------------ (5)
Sadece — Çoğunlukla — Eşit oranda — Çoğunlukla — Sadece

Global standardizasyon — lokalizasyon

(1) ------------------------ (2) ------------------------ (3) ------------------------ (4) ------------------------ (5)
Tamamen — Çoğunlukla — Eşit oranda — Çoğunlukla — Tamamen

☐ Türk kültürünün özellikleri ☐ Merkez firmanın yönetim yaklaşımı ☐ İş kanunundaki yasal yükümlülükler ☐ İşgücü piyasası

11) Çalışanların eğitim ihtiyaçları nasıl belirlenmektedir ?

Çalışanın da katkısıyla ... sadece İK nın ve üstlerin görüşleri alınarak

(1) ------------------------- (2) ------------------------- (3) ------------------------- (4) ------------------------- (5)
Sadece Çoğunlukla Eşit oranda Çoğunlukla Sadece

Global standardizasyon ... lokalizasyon

(1) ------------------------- (2) ------------------------- (3) ------------------------- (4) ------------------------- (5)
Tamamen Çoğunlukla Eşit oranda Çoğunlukla Tamamen

☐ Türk kültürünün özellikleri ☐ Merkez firmanın yönetim yaklaşımı ☐ İş kanunundaki yasal yükümlülükler ☐ İşgücü piyasası

12) Firmanız ağırlıklı olarak hangi tip eğitimlere önem vermektedir?

İşle ilgili teknik eğitimler ... kişiler arası ilişkileri geliştirmeye yönelik eğitimler

(1) ------------------------- (2) ------------------------- (3) ------------------------- (4) ------------------------- (5)
Sadece Çoğunlukla Eşit oranda Çoğunlukla Sadece

Global standardizasyon ... lokalizasyon

(1) ------------------------- (2) ------------------------- (3) ------------------------- (4) ------------------------- (5)
Tamamen Çoğunlukla Eşit oranda Çoğunlukla Tamamen

☐ Türk kültürünün özellikleri ☐ Merkez firmanın yönetim yaklaşımı ☐ İş kanunundaki yasal yükümlülükler ☐ İşgücü piyasası

ÜCRET YÖNETİMİ:

13) Ücretlendirme sisteminde kullanılan yöntem nedir?

İş değerlemesi (örn: HAY sistemi) ... üst yönetimin kararları

(1) ------------------------- (2) ------------------------- (3) ------------------------- (4) ------------------------- (5)
Sadece Çoğunlukla Eşit oranda Çoğunlukla Sadece

Global standardizasyon ... lokalizasyon

(1) ------------------------- (2) ------------------------- (3) ------------------------- (4) ------------------------- (5)
Tamamen Çoğunlukla Eşit oranda Çoğunlukla Tamamen

☐ Türk kültürünün özellikleri ☐ Merkez firmanın yönetim yaklaşımı ☐ İş kanunundaki yasal yükümlülükler ☐ İşgücü piyasası

14) Ücret artışlarında hangi faktör daha çok rol oynar?

Performans | kıdem veya üst yönetimin takdiri

(1) ------------------------ (2) ------------------------ (3) ------------------------ (4) ------------------------ (5)
Sadece | Çoğunlukla | Eşit oranda | Çoğunlukla | Sadece

Global standardizasyon | lokalizasyon

(1) ------------------------ (2) ------------------------ (3) ------------------------ (4) ------------------------ (5)
Tamamen | Çoğunlukla | Eşit oranda | Çoğunlukla | Tamamen

☐ Türk kültürünün özellikleri ☐ Merkez firmanın yönetim yaklaşımı ☐ İş kanunundaki yasal yükümlülükler ☐ İşgücü piyasası

15) Çalışanlara daha çok hangi tip ödüller veya teşvikler verilir?

Bireysel ödüller | Grup ödülleri

(1) ------------------------ (2) ------------------------ (3) ------------------------ (4) ------------------------ (5)
Sadece | Çoğunlukla | Eşit oranda | Çoğunlukla | Sadece

Global standardizasyon | lokalizasyon

(1) ------------------------ (2) ------------------------ (3) ------------------------ (4) ------------------------ (5)
Tamamen | Çoğunlukla | Eşit oranda | Çoğunlukla | Tamamen

☐ Türk kültürünün özellikleri ☐ Merkez firmanın yönetim yaklaşımı ☐ İş kanunundaki yasal yükümlülükler ☐ İşgücü piyasası

16) Çalışanlara yan haklar neye göre verilir?

Kıdeme veya İşe göre | üst yönetimin takdirine göre

(1) ------------------------ (2) ------------------------ (3) ------------------------ (4) ------------------------ (5)
Sadece | Çoğunlukla | Eşit oranda | Çoğunlukla | Sadece

Global standardizasyon | lokalizasyon

(1) ------------------------ (2) ------------------------ (3) ------------------------ (4) ------------------------ (5)
Tamamen | Çoğunlukla | Eşit oranda | Çoğunlukla | Tamamen

☐ Türk kültürünün özellikleri ☐ Merkez firmanın yönetim yaklaşımı ☐ İş kanunundaki yasal yükümlülükler ☐ İşgücü piyasası

17) Genel olarak tüm insan kaynakları uygulamalarını düşündüğünüzde, firmanızdaki uygulamalar;

Merkez firmanın uygulamalarına benzer (global standardizasyon)				yerel koşullara göre değiştirilmiştir (lokalizasyon)
(1)	(2)	(3)	(4)	(5)
Tamamen	Çoğunlukla	Eşit oranda	Çoğunlukla	Tamamen

ŞİRKET BİLGİLERİ

Sektör:

Eleman sayısı:

Uluslararası firmanın geldiği ülke:

Türk bir firmayla ortaklık var mı? Evet ☐ Hayır ☐

Varsa, uluslararası firmanın ortaklıktaki yüzdesi:

Kaç yıldır Türkiye'de faaliyet gösteriyor?

Firmadaki yabancı yönetici sayısı?

Yerel kaynaklara(hammadde veya teknoloji) bağlılık?

Az (1) ------------------------ (2) ------------------------ (3) ------------------------ (4) ----------------------- (5)Çok

Merkez firma ile iletişim sıklığı(örn: uygulamaların rapor edilmesi)?

Az (1) ------------------------ (2) ------------------------ (3) ------------------------ (4) ----------------------- (5)Çok

Teknik ve yönetimsel bilgi(know-how) anlamında merkez firmaya bağlılık?

Az (1) ------------------------ (2) ------------------------ (3) ------------------------ (4) ----------------------- (5)Çok

Lütfen arka sayfaya geçiniz.

KİŞİSEL BİLGİLERİNİZ (Anketi dolduran kişiye ait bilgiler)

Cinsiyetiniz: K ☐ E ☐

Yaşınız:

Kaç yıldır bu firmanın insan kaynakları departmanında çalışmaktasınız?

Firmanızdaki insan kaynakları uygulamalarının lokalizasyon- global standardizasyon dengesinden memnun musunuz?

(1) ------------------------- (2) ------------------------- (3) ------------------------- (4) ------------------------- (5)

(1)	(2)	(3)	(4)	(5)
Hiç memnun değilim	biraz memnun değilim	ne memnun ne değilim	biraz memnunum	çok memnunum

Eğer memnun değilseniz tercihiniz ne yönde olurdu? (Eğer memnunsanız bu soruyu atlayınız)

(1) ------------------------- (2) ------------------------- (3) ------------------------- (4) ------------------------- (5)

(1)	(2)	(3)	(4)	(5)
Çok daha fazla global standardizasyon	biraz daha fazla global standardizasyon	globalizasyon -lokalizasyon dengesi	biraz daha fazla lokalizasyon	çok daha fazla lokalizasyon

Sizce firma çalışanları, firmanın insan kaynakları uygulamalarından ne derece memnunlar?

(1) ------------------------- (2) ------------------------- (3) ------------------------- (4) ------------------------- (5)

(1)	(2)	(3)	(4)	(5)
Hiç memnun değiller	biraz memnun değiller	ne memnun ne değiller	biraz memnunlar	çok memnunlar

Anketi lütfen size gönderilen diğer zarfın içine koyup postalayınız.

APPENDIX C

Table. Mean scores for each HRM practices by US, European and Japanese MNC subsidiaries

		Average score of the practice		
		USA	JAPAN	EUROPE
Recruitment and Selection	1-Recruitment source	2.89	2.36	2.57
	2-Selection criteria	3.47	3.00	3.10
	3-Recruitment method	1.84	2.09	2.05
	4-Selection method	2.26	2.64	2.19
Performance Appraisal	5-Performance criteria	2.58	2.55	2.57
	6-Appraisal method	3.32	3.91	3.33
	7-Performance feedback	1.47	2.36	1.90
	8-Frequency of appraisal	1.89	2.27	2.10
Training and Development	9-Investment to training	3.53	2.82	3.43
	10-Method used in determination of needs	2.05	2.91	2.33
	11-Determination of needs	2.79	3.18	2.81
	12-Content of the training	2.89	2.27	3.00
Compensation and Benefits	13-Compensation method	1.95	2.55	1.81
	14-Wage determination	1.95	2.27	2.29
	15-Type of benefits	2.47	2.73	2.95
	16-Performance-reward contingency	1.74	2.36	1.81

*interpretation of the means can be made by looking at the research questionnaire presented in Appendix B