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Transferring Organizational Practices and the Dynamics of Hybridization: Japanese Retail Multinationals in China

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ABSTRACT Detailed case study research conducted at Japanese multinational retail firms in both their home country and their subsidiaries in China is undertaken to assess a range of prominent theoretical perspectives that have been used to account for the transfer of organizational practices. Approaches based upon culturalist, national business systems, industry sector, international division of labour, and agency perspectives are shown to be inadequate, individually, to account for the complex patterns of transfer, local adoption, and adaptation in these multinational companies. These findings highlight the value of conceptual bricolage and multi-level analysis for developing explanations that can encompass and explicate complex patterns of hybridization. The paper also identifies important factors in the dynamics of hybridization that have been neglected or downplayed in much of the existing literature. These include the significance of context specific, firm level perceptions of sources of competitive advantage as a key motive encouraging transfer of parent company practices. Crucial factors constraining transfer are the practices and norms prevalent in local labour markets. Additionally, transfer by multinational companies to transitional economies with high levels of deinstitutionalization illustrates problematic dimensions for various theoretical perspectives, including influential neo-institutionalist models.

INTRODUCTION

Despite substantial research devoted to understanding the transfer of organizational practices by multinational companies (MNCs) (e.g. Boyer et al., 1998; Ferner et al., 2006; Geppert and Mayer, 2006a; Morgan et al., 2001), significant gaps remain in our understanding. Drawing upon detailed case study research conducted at Japanese multinational retail firms in both their home country and their subsidiaries in China, this paper interrogates and assesses the utility of a range of prominent theoretical perspectives that have been used to account for the dynamics involved in the transfer process. Perspectives based upon the nation or national culture as the key unit of analysis, industry sector, an

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international division of labour perspective and agency accounts such [illegible]gic international human resource management and micropolitical approaches [illegible] be ill-equipped, individually, to account fully for the complex patterns of tra[illegible] adoption and adaptation – hybridization – that are involved. The influenti[illegible] institutionalist perspective developed by Kostova (1999) is also shown to include assu[illegible]tions that are problematic particularly, but perhaps not solely, with respect to transitiona[illegible] economies in which deinstitutionalization is a significant feature. Additionally, the paper identifies important dimensions in the process of hybridization that have been neglected or ignored in existing models. These include the degree to which firm level perceptions of what constitutes competitive advantage are the key motive encouraging transfer of practices, the extent to which these perceptions are context specific and mediated by diverse factors, as well as the crucial role played by local labour markets.

This paper addresses several gaps in the literature on the transfer of organizational practices. Firstly, while many studies present hybridization as the outcome when firms establish overseas subsidiaries (e.g. Abo, 2007; Boyer et al., 1998), existing theories often fail to account for the dynamics involved in this process. Typically, broad brush abstract models are inadequate to explicate complex patterns of hybridization, being better suited to explain either the wholesale presence or absence of transferred practices. The intention here is not to delineate specific forms of hybrid, as if they were a finished product. Rather, hybridization, 'the creation of new management practices out of selective adaptation, innovation and change' (Morgan, 2001b, p. 114), provides a useful metaphor to describe the processes that take place when a firm nurtured in one national context establishes a subsidiary in a host country and is thereby insinuated in an unfamiliar cultural, political and institutional milieu. Elger and Smith (2005, p. 362) observe that the notion of hybridization has been used most fruitfully to describe not simply juxtaposition of home and host country effects, but 'the emergence of distinctive configurations that may depart from both home-based templates and local practices'. Adopting a similar stance, this paper aims not only to assess existing approaches, but also to substantiate significant forces and pressures involved, the dynamics, in the process of hybridization.

Secondly, most studies on the transfer of organizational practices focus on manufacturing industries in which overseas subsidiaries form part of a global, or at least a regional, division of labour (e.g. Boyer et al., 1998; Delbridge, 1998; Elger and Smith, 2005; Kenney and Florida, 1993; Legewie, 2002; Milkman, 1991; Saka, 2002; Sharpe, 2006; Taylor, 1999, 2001; Wilkinson et al., 2001). Despite calls to explore the influence of sector (Colling and Clark, 2002; Ferner, 1997), we know much less about the transfer of practices by service sector firms. Retailing constitutes an important service industry and major developing countries have recently opened their markets to foreign investment in this sector. China began opening its retail sector to foreign involvement in 1992, a development reinforced by its accession to the World Trade Organization in 2001. Lack of attention to local market seeking service sector multinationals ignores the possibility that in such industries the necessity to meet the normative expectations of and seek legitimacy among local customers might constitute an important variable that influences the transfer of practices.

Thirdly, attention has usually been limited solely to subsidiary level activities. This assumes that firm level practices accord with stereotyped national patterns of organizational practices and ignores diversity, both between and within sectors. In this paper, data was collected at firms' home country operations and their overseas subsidiaries. It traces individual organizational practices in specific firms separately, following their distinctive narrative from the parent to host country subsidiaries.

Additionally, Japanese MNCs in China warrant attention. Japan remains the world's second largest economy and a major source of foreign direct investment. Meanwhile, China is an important target for investment. Between 1979 and 2000, Japan was China's second largest investor, with $25.74 billion of utilized investment in 19,137 projects (MOFTEC, 2004). With respect to HRM, China and Japan provide fruitful sites to explore broader theoretical issues. Until recently, one could draw parallels between employment regimes in these two countries; both shared an ideal of lifetime employment with extensive company welfare benefits, privileges available to those in large firms. Similarly, in both China and Japan hierarchies were compressed, with salaries linked partly to employees' needs rather than solely their contribution to the firm. However, HRM practices in China's transitional economy have been accelerating away from this model. Labour has rapidly marketized with wide divergences in income at both the firm and the societal level. By contrast, Japan's labour management systems have undergone more gradual and marginal changes (Inagami and Whittaker, 2005; Jacoby, 2005; Rebick, 2005). Researchers might still feel confident to outline a core of practices definable as constituting a Japanese model of work organization and employment practices, applicable at least to many large firms in Japan. By contrast, where once a comparable Maoist model might be discerned, during the reform era it has become increasingly difficult to delineate a 'Chinese model'.

The paper is organized in the following way. A literature review assesses influential approaches that have been used to account for the transfer of organizational practices and their implications with respect to Japanese retail sector MNCs. The empirical data is preceded by an explanation of research methods. Case studies of firms' transfer of organizational practices focus upon significant HRM practices and their approach to customer service, an element of especial concern to retail firms. The ensuing discussion and conclusion assess theoretical implications of the case studies.

PERSPECTIVES ON THE TRANSFER OF ORGANIZATIONAL PRACTICES

Much of the literature on the transfer of organizational practices can be divided into two broad approaches, focused on structural or contextual features and agency or organizational perspectives. The former can be subdivided into those taking the nation as the key unit of analysis – such as culturalist models and the national business systems approach, and those emphasizing the importance of industry sector and the international division of labour. Agency accounts, by contrast, focus on the potential for firms and/or key actors within them to influence organizational outcomes; these include the strategic international human resource management perspective and micropolitical accounts. Also examined is the influential neo-institutionalist model developed by Kostova (1999), which seeks to combine structural and agency perspectives. This literat… ut-lines these approaches, drawing out implications for the transfer of organiz… tices in Japanese retail sector MNCs in China.

Nation-Based Perspectives

National differences are often presented in terms of cultural differences (Abo, 2007; Hofstede, 1984). Cultural distance is predicted to inhibit diffusion of firms' parent country organizational practices to overseas affiliates and to enhance the need for local isomorphism (Beechler and Yang, 1994). This factor has often been emphasized in the Chinese context (e.g. Easterby-Smith et al., 1995). However, culturalist accounts cannot account for change over time or divergence within national populations (McSweeney, 2002); they also ignore the potential to implement innovative practices in novel settings (Gamble, 2003, 2006a). Frequently, 'culture' provides a convenient catch-all 'black box', deployed to explain why MNCs cannot transfer their parent country organizational practices (e.g. Gill and Wong, 1998; Tayeb, 1994), in a way that closes off further analysis or explanation.

The national business systems approach also takes the nation as the key unit of analysis, but focuses instead upon a broader range of institutional factors. It highlights the extent to which national institutional contexts foster distinctive forms of business and market organization to become established and thereby influence the way companies from different countries operate their international ventures (Ferner, 1997; Whitley, 1992). Discussing investment from collaborative business environments, such as Japan, in particularistic environments, such as China, Whitley (2001, p. 53) comments that 'the high level of uncertainty encourages strong parental control of subsidiaries in such economies', adding that 'their adaptation to local norms and practices will be limited to the minimum necessary to ensure efficient operations'. From this perspective, one might expect Japanese retail MNCs to transfer a relatively unmodified version of their domestic approach to China. Similarly, Japanese firms' heavy reliance upon expatriates (Kopp, 1994; Legewie, 2002; Whitley et al., 2003) might incline their affiliates to adhere more closely to parent company management practices.

The national business systems approach is built on more sophisticated foundations than culturalist accounts. However, in terms of ignoring heterogeneity both between and within industries (Elger and Smith, 2005), allowing space for firm level agency (Lane, 2001), or accounting for organizational outcomes within actual firms, there is often not much to differentiate between them. Both tend to be 'either/or' approaches, best able to account for contexts in which there is either wholesale transfer or none at all, but less able to account for partial transfer and hybrid outcomes. Such models also fail to capture the complexity of environments such as China which, in addition to considerable regional variation, possess a complex mixture of both institutional holes and deeply embedded institutions – especially normative and cognitive – some of which are in the process of deinstitutionalizing (Björkman et al., 2008). The 'iron rice bowl' of state owned enterprises provides a good example: formerly an idealized model, but now usually repudiated as inefficient. At the same time, the resonances and potency of this model vary greatly according to regional, class, and age based differences. Thus, for some Chinese workers it retains great symbolic value, while for others, such as migrant workers, no more than a vague and irrelevant abstraction (Lee, 2007).

The Role of Industry Sector

Drawing away from the nation as the key unit of analysis, some researchers focus on the implications of industry sector. Bartlett and Ghoshal (1989) distinguished between multinational industries, in which responsiveness to local conditions is key, and global industries where scale economies are paramount and little account taken of national differences. Porter (1990) further popularized the distinction between global industries, such as automobiles, in which 'a firm's competitive position in one nation significantly affects (and is affected by) its position in other nations' (p. 53), and multidomestic industries, such as life insurance and retailing, in which 'competition takes place on a country-by-country basis' (p. 53). Broadly speaking, as Porter's examples indicate, this distinction often equates to one between manufacturing firms and service firms. Literature on the transfer of organizational practices by MNCs often assumes, overtly or implicitly, that the distinction has important consequences for their transfer (Bartlett and Ghoshal, 1989; Edwards et al., 1999; Ferner, 1997; Rosenzweig and Nohria, 1994; Taylor et al., 1996; Whitley 2001).

The usual expectation is that compared to firms in global industries, overseas subsidiaries of firms in multidomestic industries will be more inclined to adopt host country organizational practices. This expectation seems reasonable. Firstly, multidomestic industries' motivation to invest overseas, unlike many global firms and especially subsidiaries engaged in operations lower down the value chain, is less likely to be impelled by a search for low-cost labour. Secondly, they typically seek to gain advantages not by developing an international division of labour, but instead by attempting, in significant respects, to replicate their home country business. Thirdly, they deal directly with host country customers on a daily basis. Transferring parent country business practices in retail firms, then, may be more problematic than in manufacturers since they must deal with not only local employees, but also customers' differing expectations and cultural values. In such firms, it is also particularly important that the customer's 'voice' be conveyed speedily and accurately to businesses' managers, so they can react promptly to market trends and fluctuations. This too might imply greater reliance upon local employees rather than expatriates.

The importance of the distinction between global industries and multidomestic industries with respect to the transfer of organizational practices by MNCs often appears to have acquired a taken-for-granted status. Few studies explicitly examine industry sector's role, while research conducted so far has produced mixed results. Beechler and Yang (1994) compared Japanese manufacturing plants located in Tennessee with Japanese service companies in New York City. While the manufacturers developed Japanese-style HRM practices, the service firms were unable to implement their parent company practices overseas and forced to adapt to an American-style HRM system. Similarly, among Japanese banking and hotel sector affiliates in America, Aaker (1990) found that 'Without exception, the firms had decided not to export their Japanese service culture and systems to the U.S.' (p. 57). By contrast, based on a survey of HRM practices in US affiliates of foreign-based MNCs, Rosenzweig and Nohria (1994) co[illegible] he distinction between global or multidomestic industries revealed no obvio[illegible] affiliates' HRM practices.

International Division of Labour Perspective

New international division of labour arguments provide another corrective to the focus on nationally determined differences. The proposition is that firms' work organization and HR practices largely reflect plants' position in the international division of labour (Wilkinson et al., 2001). While the international division of labour model accounts well for organizational similarities between firms located in the same place in the division of labour, it cannot account for differences between them, let alone complex patterns of hybridization as found in the case studies reported in this paper. As with industry sector approaches, this model neglects both firm level agency and societal effects.

Strategic International Human Resource Management Perspective

The foregoing approaches tend generally to neglect the agency of both individuals and firms as significant actors and their role in shaping and influencing the practices that are transferred. Agency has been introduced in firm centred strategic international human resource management (SIHRM) approaches as well as micropolitical accounts. Among the former, Taylor et al. (1996) identify three generic orientations MNCs can adopt in their approach to SIHRM in overseas affiliates: adaptive, exportive, and integrative. These delineate approaches in which MNCs, respectively, attempt to adapt HRM systems for overseas affiliates to reflect the local environment, export wholesale the parent firm's HRM system to affiliates, or attempt to integrate 'best' practices from both host and home country and use them throughout the organization. Although an important corrective to accounts that neglect firm level agency, this approach can exaggerate not only the knowledge and foresight of managers and directors, but also their ability to impose their will, with limited recognition of potential host country institutional constraints and resistance to head office mandates.

The Micropolitical Turn

In recent years, a growing number of researchers highlight micropolitics within MNCs and the extent to which actors exercise choice in the way practices are implemented and developed in subsidiaries (e.g. Edwards et al., 1999; Ferner et al., 2004; Geppert et al., 2003; Geppert and Mayer, 2006a; Morgan, 2001a, 2001b; Morgan and Kristensen, 2006; Sharpe, 2006). To capture the scope for agency and the potential for 'hybrids that are distinct from existing national institutional patterns' Morgan (2001b, p. 114), for instance, develops the notion of MNCs as 'transnational social spaces'. This approach, as with other agency accounts, sidesteps the determinism at least implicit in most structural models; it also alerts us to the potential for novelty and innovation in MNCs. Nonetheless, the notion could be seen as too 'free floating', unattached and uninhibited by structural constraints. Actors' horizons of available and desirable alternatives are also conditioned by their experience, derived from historically situated and [illegible] environments. If we ask what transnational social spaces contain, it is hard [illegible] familiar features and influences of nation, product sector, administrative herit[illegible] forth.

Geppert and Mayer's (2006b) approach 'places the activities of individual manag[illegible] multinational corporations at centre stage' (p. 6). Like other researchers in this gen[illegible] they are, rightly, keen to draw the focus away from 'deterministic pressures emanating from the institutional context' (p. 7). While a useful corrective, this approach risks reifying managers and underplays the very real constraining power of, at least some, local institutions. This approach, as with much of the SIHRM literature, also risks fetishizing strategy; arguably much firm and individual behaviour is not 'strategic', but can instead be characterized predominantly as involving 'getting by', guesswork, fire-fighting, and tactical manoeuvres.

Neo-Institutionalist Perspective

Using a neo-institutionalist perspective, Kostova (1999) seeks to combine structural and agency aspects to develop a model, comprised of three levels – country, organization, and individual – that can specify the factors contributing to success in the transnational transfer of strategic organizational practices. She defines success in terms of a practice's institutionalization, implying both implementation and internalization by recipients. For country-level effects, rather than use national culture, she conceptualizes a country institutional profile, based upon cognitive, normative, and regulative dimensions. Clearly, this constitutes an advance on cultural models; however, it might also be problematic, particularly in a context such as China. For instance, she comments that the regulatory component 'reflects the existing laws and rules in a particular national environment' (p. 314). Using Kostova's own terms, both internalization and implementation of legal statutes can be problematic in China, being undermined by those with political power and frequently suffering from weak or arbitrary enforcement, especially outside major urban areas.

Moreover, normative and cognitive dimensions can be just as problematic to define and analyse as 'culture'. If the former are 'the values and norms held by the individuals in a given country' (p. 314), we still face the familiar problems of essentializing and overly homogenizing 'culture' highlighted by critics of Hofstede. In China, as many old structures are deinstitutionalized and replaced, overlaid, or juxtaposed with new institutions, the issues involved in determining the salient norms and values may be particularly fraught. Finally, Kostova's proposition that transfer success is 'negatively associated with the institutional distance between the countries of the parent company and the recipient unit' (p. 316), paralleling arguments made earlier for 'cultural distance' (Beechler and Yang, 1994), appears to posit rather homeostatic societies and to preclude radical or even much incremental change.

Summary

Theories that take the nation or national culture as the key unit of analysis leave us with static, overly homogenized, and over-determined models. National perspectives also neglect the extent of sub-national diversity, for instance, 'sub-culture al differences (Edwards and Kuruvilla, 2005). Moreover, firms sometimes ch overseas specifically to escape constraints of the domestic business system (La Arguments based upon industry sector differences and an international division o perspective can be equally deterministic, best suited to account for 'either/or' outc in the transfer of organizational practices and ill-equipped to explain hybrid form Meanwhile sector, international division of labour, and SIHRM models can exaggerate firms' ability to implement their will in new environments. Micro-political accounts can at least account for hybridization and provide useful post-hoc explanations, but tend to neglect key structuring forces.

Culturalist, sector, international division of labour, and agency accounts can overlook the extent to which host country local labour market conditions might impinge upon an MNC's transfer of its HRM practices to a subsidiary. Other neglected features include the host country political environment and the role of the state. A foreign business presence and imported HRM practices can be politically sensitive, for instance. Moreover, the profile of a domestic market oriented MNC subsidiary might be higher than one involved in a global business. This enhanced visibility may encourage them to maintain a low profile and 'fit in' by imitating local practices. Given widespread anti-Japanese sentiment in China, one might expect Japanese MNCs' subsidiaries to be particularly circumspect in their operations.[1]

The approaches presented above suggest quite different outcomes for overseas subsidiaries of Japanese retail sector MNCs in China. Japan is a major advanced economy with MNCs noted for their strong central control and heavy reliance upon expatriates. According to the national business systems approach, these factors might encourage Japanese MNCs to transfer their parent country organizational practices. The culturalist perspective is less clear cut, depending on the degree of cultural distance one assumes lies between Japan and China. By definition, the international division of labour perspective provides limited means to account for organizational outcomes in local market seeking MNCs, although it would have greater utility to explore dimensions such as sourcing and logistics. Meanwhile, as labour intensive firms engaged in multidomestic businesses oriented to local consumer markets, retailers have an imperative to embed themselves in host countries and to meet the demands and expectations of both local workers and customers. One might expect this to incline them to pursue host country organizational practices. SIHRM and neo-institutionalist perspectives tend to assume that firms have substantial leeway in determining which practices they will seek to transfer, although the latter also anticipate pressures on MNCs to adopt local practices as a means to gain legitimacy. Micropolitical approaches are more ambiguous; they make no claim to be predictive, being more suited to provide post hoc explanations.

METHODOLOGY

The intention for this paper was to gather nuanced, context embedded insights into practices in a group of comparable firms. Adopting a case study approach allows exploration of questions such as: To what extent do Japanese retailers attempt to transfer their home country practices to China? Which elements are most and least likely to be transferred? What factors facilitate or inhibit this transfer? Detailed cas also illuminate the processes whereby competing isomorphic pulls become t particular outcomes within MNCs. Diffusion literature generally compares fir in host environments against ideal types in the parent country. Though us heuristic purposes, ideal types gloss over diversity and tend to cryogenically em particular patterns. Typically, the usual model of 'Japanese' HRM, for instance, is o derived predominantly from studying large manufacturing firms. Notably, Japanese firms' failure to transfer their seniority pay systems to overseas subsidiaries has been regarded as evidence of the difficulties involved in transferring HRM practices (Gill and Wong, 1998). This overlooks evidence that within Japan itself many firms consider seniority pay outmoded (Pudelko, 2006). To avoid such distortions, this study pursued an inductive approach, examining the actual practices of particular retail firms both in Japan and in their Chinese subsidiaries.

Examining three matched pairs of Japanese multinationals holds sector and firm constant, allowing these aspects largely to be discounted in the analysis, thereby exposing cross-national, intra-country and intra-sectoral divergences. Additionally, as noted above, previous research indicates divergence in the extent to which different management functions are transferred, as well as differences between specific elements of individual functions (Florida and Kenney, 1991; Rosenzweig and Nohria, 1994). This underscores the necessity to trace the path taken by specific elements of organizational practice. Qualitative case study of three firms in the same industrial sector also allows account to be taken of actors' agency.

In 2001, 2002, and 2003, research in Japan included study visits to stores owned by the three MNCs and interviews at their head offices, which included former China expatriates. In China, during 2002, 2003, 2004, 2005, and 2006, research was undertaken at eight stores (JCo1 – 4, JCo2 – 1, JCo3 – 3) in six different cities. A total of 146 semi-structured interviews were conducted in China with a cross section of local employees (124) and expatriate managers (22) (see Table I). Interviews in Japan (16) were conducted in English or via an interpreter. In China, the author's facility in Chinese permitted interviews with local employees to be conducted directly without an interpreter. Japanese expatriates in China were interviewed in Chinese with the aid of their local interpreters or, in one case, in English. Most interviews were not tape-recorded, instead they were transcribed directly by the author during the interview – tape-recording interviews would have inhibited interviewees' readiness to speak openly (cf. Milkman, 1991, pp. xv–xvi), particularly in China. Repeat visits to several stores helped foster a basis of familiarity and trust between the researcher and interviewees. Interviews were semi-structured, using a prearranged set of questions, but allowing respondents space to digress and for these digressions to be followed. The intention was to avoid imposing the researcher's own preformed expectations. Most interviews were conducted in the workplace, in an area where they could not be overheard by workers' colleagues or managers.

The project's relatively long duration and the opportunities this provided to revisit research sites, enhanced its iterative quality (Eisenhardt, 1989). Research questions, lines of enquiry, and interview protocols were assessed and redefined as the researcher's understanding grew and as new themes appeared (Elger and Smith, 2005). Interviews

Table I. Summary of research interviews in China

Store name and location	*Number of interviews*		*Date*
	Local staff	*Expatriate staff*	
JCo1 North China1	1	1	Aug 2002
JCo1 North China1	4	1	Aug 2003
JCo1 North China2	1	1	Aug 2003
JCo1 North China1	1	1	Aug 2004
JCo1 West China1	2	3	Sept 2002
JCo1 West China1	40	1	Aug 2003
JCo1 West China2	10	1	Sept 2004
JCo2 South China	5	2	Sept 2002
JCo3 North China		1	Aug 2002
JCo3 East China		2	Aug 2002
JCo3 North China	10	1	Aug 2003
JCo3 East China	2	1	Sept 2003
JCo3 North China	8	2	July 2004
JCo3 North China	8	1	Sept 2005
JCo3 North China	8	1	April 2006
JCo3 Central China	24	2	April 2006
Total number of interviews	124	22	

were transcribed and transcripts closely read to determine emergent classifications and patterns (Taylor and Bogdan, 1998). Inclusion of three firms, with parent and host country data for each, allowed searching for cross-case patterns – similarities and differences between each pair (Eisenhardt, 1989). Longitudinal research, mixed methods of data collection, and numerous opportunities to discuss earlier findings and preliminary analyses with expert respondents in the field helped maximize the trustworthiness of the data (Lincoln and Guba, 1985).

FIRM LEVEL PRACTICES IN JAPAN

This section outlines the Japanese retail firms' organizational practices in Japan; the following section examines practices in their Chinese subsidiaries. The features presented are those that emerged as significant during the research; they include aspects familiar from the literature on Japanese HRM (e.g. Graham, 2003; Haak and Pudelko, 2005; Inagami and Whittaker, 2005; Rebick, 2005) such as the stress upon internal labour markets, as well as less reported aspects such as patriarchal management (Broadbent, 2003; Gottfried and Hayashi-Kato, 1998). Alongside some deviations from the prevalent ideal type of Japanese HRM were divergences within the sample itself. Attention is also devoted to their customer service, a feature interviewees in all the firms mentioned as a crucial aspect in their businesses. Providing high quality customer service was rationalized in terms of both customers' expectations and their own mission as customer-orientated businesses. JCo1 and JCo2 are categorized as general me[illegible]res (GMS); that is, they comprise a mixture of a department store and a super[illegible]3 is a major department store.

JCo1 recruits new regular employees on an annual basis, 95 per cent a[illegible] graduates. The recruitment process is lengthy and careful. In 2002, for instance, 15[illegible] potential recruits asked for a company brochure, 3,000 took a paper test, and after thr[illegible] rounds of interviews, 150 were recruited. External recruitment of category, department, and store managers is rare. However, this has not always been the case. In the 1980s, as the company grew rapidly, internal labour markets could not keep pace with demand and the firm had to recruit externally. New recruits undergo one week's induction training, followed by three months' on-the-job training. The expectation is that employees will move up a grade every five years. Each store recruits part-time staff, mainly housewives or students, the latter called '*arubaito*' and the former '*pāto*'. Salary differentials for regular employees are relatively flat, with seniority pay increases up to the age of 35, by which time this proportion accounts for 30 per cent of salary. There is a trend to increase performance-related pay.

Faced with declining profits in a deflationary and extremely competitive market, JCo1 has undertaken several experiments. With no female store managers and none under 40 years old, in 2001 the firm promoted 10 employees aged below 40 and three women to be store managers. In the firm's 180 stores, just 15 department heads (2.5 per cent) and 130 category managers (5 per cent) were female. JCo1 is the least internationalized of the firms; expansion to China in 1997 was its first overseas operation. By 2006, JCo1 had six stores in China.

JCo2 had opened GMS stores in several Asian countries and had nine stores in China by the end of 2005. Regular employees are college and university graduates, but between 2001 and 2004 no recruitment took place. Between 2000 and 2004, to counter increased competition and to help achieve its ambitious plans to become a major global player, the firm introduced organizational changes. The hierarchy was flattened, promotion ladders shortened, and seniority pay cut back. An executive in Tokyo remarked bluntly: 'the time has gone where if you stay longer you get more'. Where previously the seniority element of pay increased each year, it is now restricted to four years. Concurrently, and in line with national trends (Jacoby, 2005), the proportion of performance-related pay has increased. Following, or more accurately leading, national trends (Broadbent, 2003; Jacoby, 2005), the proportion of part-time staff to regular employees has increased. Approximately one-third of the firm's 90,000 headcount in Japan are part-timers. Since 2000, part-time staff can be promoted to managerial level.

JCo3 also has three categories of employee: regular, *meido*, and part-timers called 's*ometime*'. Regular employees are graduates for whom job rotation takes place every three years. JCo3 states proudly that it never lays off regular employees. The category of hourly paid 's*ometime shain*' was introduced in the mid-1980s. '*Meido*', who work as customer assistants on annual contracts, were introduced in 2000. In 2000, 'role pay merit' was introduced with the intention to increase pay differentials between 'out-performers' and 'under-performers'. The company does not have seniority pay. JCo3 has stores worldwide, with the first of its four Chinese stores established in 1993.

Table II. Summary of Japanese firms' parent and host country stores' practices

	Parent country stores in Japan			*Subsidiary sto[illegible]*		
	JCo1	*JCo2*	*JCo3*	*JCo1*	*JCo2*	[illegible]
Employment of part-time staff	✓	✓	✓	◑	✗	✗
Mostly male supervisors	✓	✓	✓	✗	✗	✗
Careful selection and recruitment	✓	✓	✓	◑	◑	✓
Job security for regular employees	✓	✓	✓	✓	✓	✓
Slow promotion	✓	✓	✓	◑	◑	◑
Reliance upon internal labour markets	✓	✓	✓	✓	✓	✓
Seniority pay	◑	✗	✗	✗	✓	✗
Use of fines and bonuses	✗	✗	✗	✓	✓	✓
Strong focus on customer service	✓	✓	✓	✓	✓	✓

✓, strong presence/strong transfer; ✗, not present/not transferred; ◑, some presence/some transfer.

FIRMS' CHINA OPERATIONS

Research in Japan showed the following aspects to be characteristic for the firms concerned and are explored in the Chinese context: job categories and working hours, patriarchal management, selection and recruitment, lifetime employment and internal labour markets, pay systems, and customer service. The results are summarized in Table II. Before this, we outline the firms' general approach to the transfer of practices to their China subsidiaries and expatriates' role in them.

The MNCs all stated an intention to replicate their parent country operation, including store layout and procedures, employment relations, and customer service. JCo3's deputy general manager (GM) recalled: 'when JCo3 decided to set up a store in China it wanted to make everything the same as in Japan'. This approach was facilitated by operating on greenfield sites (Rosenzweig and Nohria, 1994), with no established workforce, and by the Japanese side of joint ventures having full operational control over the stores. However, with respect to the strategic international HRM orientations in MNCs outlined by Taylor et al. (1996), differences were noticeable between head office and expatriates in China. While executives in Tokyo depicted an exportive mode, expatriate managers in China, such as a JCo1 store manager, stressed an integrative approach:

> We need to constantly consider, what do Chinese think and need? We need to understand Chinese habits and customs, bring the good Japanese ones, mix them with the good Chinese ones, and create something new.

Expatriates' Role

The firms made greater use of expatriates than comparable European and American firms. They also relied upon a personalistic form of integration and coordination;

communication with head offices in Japan, by phone, fax, e-mails, [illegible] was intensive. Both these features are consistent with other reports of Jap[illegible] (Bartlett and Ghoshal, 1989; Legewie, 2002). Senior positions were held by [illegible] staff, including all store manager roles. At JCo1, 10–15 Japanese employees were [illegible] to manage the first China store, compared with two at a UK-invested retail[illegible] (Gamble, 2003). Postings to China averaged three years, although some staff remaine[illegible] for up to seven years. Unlike JCo3, where posting to China was treated as comparable to domestic job rotation, JCo1 sought volunteers for transfer. JCo2 adopted a rather different approach to expatriation: there were fewer senior expatriates; instead five young Japanese trainees were assigned to the store.

Job Categories and Working Hours

In China, as in Japan, JCo1 has three categories of full-time employee: regular (*zhengshi yuangong*), student probationers (*shixi xuesheng*), and labourers (*dagong*). With respect to the latter, from October 2003, the firm had to adjust to a new regulation that limited part-time staff to four hours per day. Only JCo1 employed part-time staff in China, and then far fewer than in Japan. This can be attributed partly to China's lower labour costs which reduced the cost imperative to employ part-timers. Additionally, the firms built in flexibility through other forms of contingent labour, such as JCo1's 'student probationers' and 'labourers' (see also Gamble and Huang, 2009a). At JCo2, temporary staff undertook heavier and dirtier manual jobs. These staff worked longer hours than regular staff: 45 hours per week compared to regulars' 40 hours. Many were migrant workers, who received an hourly rate (7 yuan = £0.50), with no other benefits. Workloads generally were heavy; a deputy section head at JCo1, with the company for eight years, declared:

> Over the last two months I've worked from 9 am to 9 pm, five days per week. I feel very tired, you always need to be talking, the workload is really heavy, I don't even have time to drink some water. It was only when I came to this company that I understand why in Japan they have the expression '*guo lao si*' – *karoshi* – [death from overwork]. Before I didn't understand, now I know that it's really easy to die from overwork!

Patriarchal Management

A dimension not replicated in China was the firms' parent country male domination of managerial and supervisory roles. In China, for instance, over 50 per cent of JCo1's supervisors were female compared to just 5 per cent in Japan. Its China operations president recalled that initially men had been selected mainly for this post, but that 'female staff had done the job better'. In Tokyo, a returned expatriate in this company reflected that 'the female employees work much harder than the men, it's very hard to get the men to work'. Similarly, while most JCo2 managers in Japan were male, in China over half were female. A female floor manager at JCo3, who had been to a Tokyo store for training remarked:

> In China, all the floor managers are female. In Tokyo, they're a le. Customer service work, especially a customer assistant's job, is seen as be work in China. If a man does it they'll be looked down on, they'd be conside making enough effort, and lacking competence. In Japan, there's no such fee

An expatriate manager attributed the difference to the fact that 'in Japan females a quite conservative'. One might add that, in Japan, the norm is for women to leave full-time employment once they marry or have their first child, a practice encouraged and supported by the tax system (Rebick, 2005). In China, women's full-time employment has been promoted since the early days of the People's Republic and is supported by widespread nursery provision and the frequent proximity of grandparents who take on childcare roles.

Selection and Recruitment

Recruitment of shopfloor staff followed a similar pattern at all three firms. Before store openings, the preference was for those with no work experience. A JCo3 floor manager explained that 'a clean white sheet is best when you open a store, because you need them to do as they're told (*tinghua*)'. The aim was to select recruits who could be moulded to fit with the company's approach to customer service. In established stores, the emphasis shifted to recruits with experience who could begin work as quickly as possible.

JCo3 strove particularly hard to replicate its parent country graduate recruitment scheme. When one store opened in 1993, it recruited a cadre of university graduates with the intention to groom them for senior management roles. By 2002, though, they had all left the firm. In 1999, the firm again scoured local universities for potential recruits. Some 200 students received detailed information on the firm and 60 took a written exam. Following interviews, 16 recruits were selected. Each recruit received 12 days' initial training, before spending one month on each of the store's five floors, with one week in each section of each department. By 2003, just two of these recruits remained. A personnel manager at JCo1 recounted a similar situation at her store: 'in the past we've selected some good people with a university background, but they've gone to Wal-Mart'. A JCo3 expatriate manager described job-hopping as 'the biggest difference between China and Japan'.

Lifetime Employment and Internal Labour Markets

Rising job insecurity is a concomitant of China's economic transition (Morris et al., 2001). Workers often cited employment security as a motive to seek employment at the Japanese MNCs. Although none explicitly transferred lifetime employment, the retailers all stressed that they offered secure employment and wished to retain staff on a long-term basis. Following practice prescribed by China's labour law, regular employees were appointed on annual contracts, a form equivalent to JCo3's '*meido*' category in Japan. However, a former expatriate manager from JCo1 complained that 'Chinese staff show less loyalty . . . with the buyers, I trusted them and trained them, but then they mostly left for a higher salary'. A colleague added:

> They are much more motivated to learn new skills than Japanese em[...]use they're thinking about their career plans. Japanese people just stay in o[...] but Chinese are like people in the US, they go to different compa[...] promotion.

Promotion at the subsidiaries, although faster than in Japan itself, was slower than [...] comparable UK-invested stores in China (Gamble, 2003). This relatively rapid promotion can be attributed primarily to the strong preference for internal labour markets, allied to a perceived lack of suitable candidates in the labour market; firms had no option but to increase the pace of promotion. A JCo3 floor manager declared:

> All employees at JCo3, including graduates, begin as customer assistants, they need to be able to understand the customer to be able to do the higher level jobs.

At a newly opened JCo3 store, promotion was noticeably faster given the need to fill posts rapidly. A local personnel officer at JCo1 commented that 'implementing the Japanese "wait for promotion by cohort" (*renzhi paibei*) approach means that we get many employees poached away (*wazuo le* – literally "dug out")'. Reliance upon internal labour markets parallels the MNCs' parent country practice, but appears to contrast with emerging patterns in China where managerial vacancies are increasingly filled from external labour markets (Ding and Akhtar, 2001).

Pay Systems

In China, the firms stressed monetary incentives and sanctions more than they did in Japan. At JCo2 in Japan, for instance, cashiers' salary was fixed, but in China they received extra payments for number of customers served and accuracy and were expected to personally make good any shortfall. In China, but not in Japan, JCo3 paid a bonus dependent on sales. Customer assistants bonuses ranged from 1000 yuan (£71) to 1800 yuan (£129) per month. The intention, explained an expatriate manager, was 'to clearly demarcate the good from the bad'. These differentials accord with emergent practice in China, where performance-related pay increasingly replaces previous egalitarian norms (Goodall and Warner, 1998). This mirrors trends in Japan (Graham, 2003), although its more widespread implementation in China might be linked to trade unions' comparative weakness in the latter. This may be an instance where firms introduced policies in China they might wish to implement more extensively in Japan, but would face greater constraints.

In a particularly interesting measure, JCo2 introduced seniority pay in China, just as it curtailed such payments in Japan itself. In theory, a customer assistant beginning on 1000 yuan pcm could overtake a deputy supervisor's starting pay (1900 yuan), while a deputy supervisor could overtake a supervisor's pay (2800 yuan). The intention was to limit labour turnover and help retain staff. By contrast, JCo1, which retains seniority pay in Japan, paid Chinese employees only a negligible amount for each additional year of employment.

Customer Service

The MNCs all sought to implement their parent country style customer ser[illegible] Chinese subsidiaries; they considered this a key source of differentiation from [illegible]tors. JCo1's chief executive in China described 'politeness to customers' (*daike de li*[illegible] essential to attract and retain customers. The MNCs' approach to customer serv[illegible] interactions was prescriptive and detailed. According to a returned JCo1 expatriate: 'At the start there was no concept of customer service in Chinese stores, so we had to educate them from nothing.' A JCo1 checkout assistant, previously employed at a state owned store seemed to at least partially concur:

> At the state store we didn't emphasize customer service, here it's what we stress most. Here customer service is number one. People there were lazy, we often ignored customers.

The firms all introduced Japanese style greeting and farewell ceremonies for the day's first and last customers. Typically, each morning as the stores open, a group of local staff and Japanese expatriates form two phalanxes that bow and repeat 'Good morning, welcome to the store!' to incoming customers. Customers' initial reactions were similar at the different locations. A JCo3 floor manager recalled that initially customers considered this display 'strange', with some so embarrassed that they took the lift directly to the sixth floor to avoid it. A sales manager added, 'we were the first store in [. . .] to bow and say "*huanying guanglin*" (welcome to the store). Then, the customers were a bit afraid.' This form of customer service was adopted even though it was contrary to local norms. Chinese staff described it as 'too polite', while a customer assistant at JCo3 pointed out that 'before we Chinese only bowed at funerals'. It was also provided even though, initially, it could startle customers, and despite its potential to provoke latent anti-Japanese sentiment. A JapCo1 checkout assistant recalled being told by a customer not to bow 'because it's a Japanese custom, not a Chinese custom'. A cosmetics section assistant reported customers who witnessed the farewell ceremony grumbling that 'it's all copied from Japan' (*dou gen riben xuede*) and, more harshly, 'traitors' (*maiguozei*).

Customer service formed a central element in training (see also Gamble, 2006b). Managers saw no reason to alter the style of customer service – a stance enhanced by the fact that it was frequently copied by local firms – although they portrayed ensuring its proper performance as a constant struggle. A JCo3 expatriate manager remarked:

> It's a great effort to keep all the sales people in line and make them give good service every day. Perhaps they can today, but not the next day.

Clearly implementation could not always be assured, although in the interviews many workers appeared to have internalized this form of customer service as possessing value (Kostova, 1999), often expressing pride that it differentiated 'their' store from competitors. According to a JCo3 customer assistant:

> We do more than other stores to satisfy customers. Local stores' staff [illegible] out customers, although they're improving, but they still eat and drink wh[illegible] duty. I don't like to shop in those stores now.

The firms codified and stipulated the behaviour required in detailed training manuals and employee handbooks, with fines for transgressions. JCo1's employee handbook contained approximately three times more rules than that used in Japan. Rules such as those instructing employees not to spit or eat meals while on duty were considered unnecessary in Japan. JCo3's handbook included injunctions not to laugh at customers or lean on sales counters. The firm's deputy GM explained:

> We give workers a manual, the same as McDonald's. Without a manual, it would be a big mess. New employees can see the manual and know what to do. So in China work 'know-how' is in the manual. In Japan, work 'know-how' is in people, not the manual.

This characterization suggests a 'low trust' model akin to that Delbridge (1998) found at Nippon CTV in the UK. To help ensure compliance, JCo3's managing director introduced a system of red and yellow cards; these cards were not used in Japan. Employees shown a yellow card (for example, for ignoring customers, yawning, or using a mobile phone when on duty) received a 50 yuan fine and were warned, although no instances were reported, that a red card meant instant dismissal. A customer assistant explained that 'they need this reminder, if you only told them they'd certainly forget'. In general, though, Japanese managers felt constrained by their expatriate status from exercising harsher forms of discipline. As an instance of this one expatriate recounted:

> In Japan, all the employees' bags are checked when they leave the store. This isn't done in China; it was done at first, but it seems that Chinese aren't accustomed to this, so it was stopped after about one week.

Another expatriate recalled how in his, typically, minimal pre-assignment briefing he had been cautioned 'not to shout' at Chinese staff. At a newly opened JCo3 store, which had fewer expatriates and many relatively inexperienced local staff it was noticeable that discipline was rather more lax. As one of its young Chinese managers observed, she was 'straight from university' and 'lacked the courage' to impose fines.

The typical strategy was to codify knowledge that was largely tacit in Japan and to re-materialize it in the Chinese context. This transfer was problematic since it involved not only business practices, but also tacitly understood ways of being and behaving. The intention was to inculcate a 'Japanese' approach to work among Chinese employees and imbue in them the habits of (the Japanese variant of) modern capitalist enterprise. Arguably, recognition that these practices were culturally embedded and tacit in nature contributed to the perceived necessity not only for detailed rule books, but also for a relatively large expatriate presence.

DISCUSSION

Rather than clear cut presence or absence of transferred practices, the findings [illegible] the complex hybrid of practices likely to be found in MNCs overseas subsidiaries. [illegible] evidence highlights the inadequacy of various theoretical approaches, taken individually, to account for complex patterns of transfer and hybridization. The MNCs' practices comprised a collage of strategic, tactical, and reactive elements, with evidence of both country of origin and host country practices, as well as adaptations and innovations. This mixed pattern underscores the necessity to trace and analyse each practice separately, rather than treating organizational practices as a discrete whole (Rosenzweig and Nohria 1994); each has its own unique narrative and genealogy. It is also important to note that the form practices currently take are snapshots of processes in motion; they will continue to change and evolve (Gamble and Huang, 2009b).

As Taylor (2001) cautions, assessing how far imported practices resemble or differ from local norms is not always easy. The MNCs' preference for recruits who could be moulded to fit with corporate culture provides a good example. While replicating firms' parent country practice, it also matches the approach favoured by many domestic Chinese retailers. Moreover, in employment relations, as in much else, contemporary China is characterized by diversity and juxtaposition. Local norms can vary substantially depending on firm size and ownership, with significant differences between, say, state owned and private firms (Zhu, 2005). Given this flux and heterogeneity, it can be difficult to state categorically what constitutes 'local' practice. Even during the research for this paper, practices perceived initially as alien, such as Japanese firms' customer service, rapidly achieved legitimacy and increasingly became regarded as a 'local' norm. Similarly, while Chinese staff routinely described Japanese management as 'strict' (*yange*) compared to local state owned stores' 'relaxed' or 'loose' (*songsan*) approach, they also observed that local competitors were changing and some now enforced harsher discipline.

Bearing in mind these caveats, several notable dimensions can be discerned. Some features appeared to match host country trends, such as the introduction of performance-related pay. In some instances, firms faced coercive isomorphic pressures, such as statutory limits on part-time staff's working hours. Occasionally the transfer process was analogous to the photocopying of a copy, as with the MNCs rather diluted commitment to long-term employment. In China, this feature meshed with recent historical practice, but is contrary to emergent norms. There were also rather unsuccessful attempts to replicate Japan's internal labour markets by recruiting graduates for lifetime employment; this approach failed to mesh with (recently emerged) local labour market norms.

One firm's introduction of seniority pay in China, despite curtailing the practice in Japan, must be understood in the context of the specific regional labour market in the southern Chinese city involved. This adoption also indicates how MNCs' subsidiaries can draw upon a repertoire of management practices that have proved themselves in the parent country. Some transferred practices were innovative in the Chinese context, such as the style of customer service. Firms also engaged in practices that were relatively novel for them, such as extensive promotion of female employees to supervisory and management positions. This was not a conscious strategy on the firms' part but, rather, followed local labour market and social norms (cf. Elger and Smith, 2005, pp. 2[illegible]gh reactive, it was also an approach that at least some of the firms considere[illegible] Japan and in interviews expatriate managers mused on the potential for ‘re[illegible] sion’ in this regard.

In view of these hybrid outcomes, culturalist accounts for failure to transfer organizational practices are unconvincing; cultural differences present porous and permeable boundaries to transfer. As noted above, culturalist arguments have often been proposed in the Chinese context – and it is worth mentioning that among staff at the MNCs, positivistic and essentialized notions of cultural differences were the dominant emic explanation for behaviour. The findings indicate, though, that whereas it is possible to transfer culturally innovative practices, any running counter to institutional features, such as local labour market norms, can be much harder to implement. Thus, firms were able to transfer a culturally influenced practice such as Japanese style customer service, even though staff found it repetitive and exhausting and its performance could arouse latent resentment against Japan. By contrast, an uncontroversial practice, JCo3’s hiring graduates to train as a new management cadre, foundered on China’s different institutional soil.

Extensive expatriate use in the case study firms accords with the well rehearsed model of the Japanese business system (Kopp, 1994; Legewie, 2002; Whitley et al., 2003). Expatriates formed what Kostova (1999, p. 317) terms the stable core of the ‘transfer coalition’; their strong organizational commitment and knowledge of firm practices, fostered through long-term employment, made them ideally suited to fulfil the task of actively seeking to transfer organizational practices. As shown, though, there were variations in emphasis. JCo2’s rather different approach to expatriation might stem from its parent country organizational history. Where JCo1 and JCo3 both developed through gradual endogenous growth, JCo2 grew rapidly through acquisitions. Such firm level differences cut across both the formulations of national business systems as well as the supposed multidomestic-global industry dichotomy. They exemplify the extent to which firms and individuals within them are active agents (Edwards et al., 1999; Ferner et al., 2004; Morgan, 2001a).

Even though the Japanese subsidiaries analysed in this paper operate in an industry characterized as multidomestic, contrary to expectations, in significant respects they do not follow host country practice. They appear significantly more ‘Japanese’ than reports of at least some manufacturing subsidiaries of Japanese MNCs in the UK (Delbridge, 1998) and California (Milkman, 1991). The findings also contrast, sometimes in unexpected ways, with those from recent studies on Japanese manufacturing firms in China (Taylor, 1999, 2001). Taylor (1999) concludes that the latter did not rely upon expatriates to ensure transfer of Japanese style management. He also reports that ‘personnel management practices were generally not transferred from Japan to the plants in China’ (Taylor, 2001, p. 601). By contrast, the retail MNCs depended on expatriates to facilitate transfer of specific ownership advantages; they were considered necessary, for instance, to inculcate the Japanese approach to customer service. The retailers also appeared more committed than the manufacturing firms to transfer their parent country HRM practices. In many respects, both sets of findings are the inverse of what might be anticipated given predictions made about global and multidomestic industries.

The apparent divergence from the pattern in Taylor's studies migh he different investment motives of the firms concerned. Where the manufactu objective for setting up operations in China was to take advantage of lower la the retailers' motive was domestic market seeking. Consequently, while the C location was incidental for the manufacturers, it was of central importance to retailers. In this respect, at least, a perspective which conceives of HRM practices a influenced by firms' relative position in an international division of labour (Wilkinson et al., 2001), is helpful to explicate these findings. From this view, these manufacturing plants might be construed as peripheral (Dedoussis, 1995; Delbridge, 1998), focused heavily on cost control, and their management practices more akin to similarly located firms in Japan itself. Meanwhile the retail subsidiaries are core interests that parallel parent company investments and in which, accordingly, attention to and investment in human potential are more important (Gamble, 2006b).

If retailing is considered as a typical multidomestic industry then, in this case at least, the distinction between global industries and multidomestic industries is a poor predictor with respect to the transfer of organizational practices. It might be that the distinction's consequences for these practices was never so clear cut. Another possible explanation is that events are overtaking Porter's (1990) depiction of the retail industry as likely to pursue a multidomestic strategy, with a growing number and proliferation of multinational retailers in which control is increasingly centralized, or at least regionalized. The service sector-manufacturing dichotomy might also require more consideration, as perhaps too blunt an instrument. Some service sector industries such as call centres may involve an international division of labour, while others do not.

The findings demonstrate the necessity to take account of actors' agency. Subsidiaries could offer firms and individuals within them space to experiment with innovative modes of operating. Posting to China often presented Japanese managers with greater latitude than in their home country roles, where hierarchies were dense and multi-layered. Some expatriates relished the enhanced autonomy and creative space this allowed. JCo3's managing director, for instance, took pride in developing his own approach to discipline – introducing red and yellow cards – and a series of monthly 'campaigns' intended to increase employees' motivation and skills – such as a smiling competition and a 'being thanked' campaign. 'Those who have only worked in Japan are in an invisible cage', he reflected, and previously he too had 'seen the sky from the bottom of a well (*zuojing guantian*)'. Working in China had opened his eyes to wider possibilities and now, for instance, he could consider changing companies (which he subsequently did). Arguably, this manager's changing notion of what it means to work for a company and to have a career can be considered as a form of embodied hybridization, or psychological reverse diffusion. Limits to managerial prerogatives, though, were also substantial and include the ways in which shopfloor staff could stymie or subvert managerial plans in ways that SIHRM and neo-institutional accounts tend to neglect.

Kostova's (1999) focus on internalization, or practice commitment, as well as the implementation of transferred practices is valuable. However, in the case of customer service, while the latter was visually observable the former was less readily determined, a problematic dimension that is easily glossed over. Sometimes, the author noticed customer assistants 'going through the motions', eyes glazed over and the greeting scarcely audible, for instance. At other times, the level of commitment was [illegible] to determine and perhaps for the firms faking it well enough was sufficient, eve[illegible] hoped for more. With respect to convergence–divergence debates, it is worth [illegible] while the imported form of customer service might resemble the original version [illegible] and one could term this 'convergence', its meanings for both practitioners and custo[illegible] in this new context almost certainly differed to those of their Japanese counterparts.

The Challenge of Deinstitutionalizing Environments

Transitional economies such as China present particular challenges for various structural approaches, and also for neo-institutional theory. By definition, these are countries in which existing institutions are being questioned and in flux. Scott observes that '*Norms* specify how things should be done; they define legitimate means to pursue valued ends' (Scott, 2001, p. 55). In China, both many valued ends and legitimate means have undergone or are undergoing radical change; for example, pursuit of monetary gain through engaging in private business has became acceptable, even encouraged, rather than striving for egalitarianism and 'revolutionary' purity.

Moreover, norms are rarely homogeneous and stable in any society, with enormous potential for divergences based upon features such as class, gender and age. As Scott (2001, p. 188) remarks, 'virtually all social structures . . . contain multiple institutional systems that intersect, overlap, compete for attention and adherents, and constrain some actors and actions but enable others.' Moreover, the three components favoured in neo-institutionalist accounts – cognitive, normative, and regulative – are interpenetrated and likely to be extraordinarily difficult to disentangle in practice. In addition, not all institutions are created equal; while some might easily be ignored, evaded, or replaced, others are deeply embedded and tenacious, possessing a hydra-like quality.

In the case of introducing Japanese style customer service, the deinstitutionalization of formerly dominant norms and practices and the form it took provided space for this novel practice to take root. Evidence is apparent of the three major sources of pressure on institutionalized norms or practices Oliver (1992) delineates: functional, political, and social. Functional pressures for deinstitutionalization in this regard included perceived problems in performance levels associated with state owned enterprises' approach to customer service. Political pressures result from the rise of private enterprise, permitting foreign investment in the sector, and the re-commodification of labour. The balance of power between producers and consumers has also shifted. China has moved from an economy plagued by shortages and tending to privilege producers over consumers, to one with oversupply of many products. Social pressures are evident in the rise of notions of 'consumer rights' and increasingly affluent, demanding, and diverse consumer segments (Gamble, 2007).

For multinationals, deinstitutionalization of existing norms and practices is a double-edged sword. With respect to introducing novel forms of customer service, this process provided necessary space, but for implementing long-term employment approaches, with slow and gradual promotion, the erosion of existing institutions removed an important plank of support. The former example also demonstrates how firms can influence norms within their organizational field. Thus, the MNCs influenced local firms' approach to customer service, with some adopting the same approach of mimetic isomorphism that rippled outwards to nearby stores. By con relatively cognate and circumscribed organizational fields, the influence of vidual company or even group of companies will diminish, especially if they a rounded by competing firms.

Neglected Dimensions of Hybridization

If the theoretical models outlined cannot, individually, account fully for hybrid patterns of organizational practices in MNCs, it behoves us to suggest more viable options. Recent research urges various forms of multilevel analysis (e.g. Edwards et al., 2007; Elger and Smith, 2005; Saka, 2002). The findings in this paper indicate the value of such approaches as well as of conceptual bricolage to help develop explanations for hybridization. Thus, for instance, institutional accounts married with micro-political investigations are likely to be generative of fruitful new perspectives. The findings also highlight dimensions in the dynamics of hybridization that have been neglected or downplayed in the existing literature. These include the significance of context specific, firm level perceptions of sources of competitive advantage as a key motive encouraging transfer of parent company practices and the crucial role played by local labour markets.

The practices firms seek to transfer are likely to be those they perceive to provide competitive advantage (Kostova, 1999; Taylor et al., 1996), whether in terms of customer service or their attraction as employers in the local labour market. The word perceive is deliberate since expectations based upon parent country experience and assumptions about the host country might be as important as any specific knowledge of the host country, a dimension previous studies overlook. Firms will not necessarily engage in extensive research to determine what features of their organizational practices will have competitive advantage; instead this is likely to be heavily influenced by parent country experience, much of it 'taken-for-granted', and that gleaned from other overseas ventures. Other important factors will include the relative economic development of MNCs' parent country compared to the host country, perceptions of which will be mediated through key local employees who act as cultural intermediaries and expatriates' own first hand experience.

With regard to the latter, Japanese MNCs' strong internal labour markets and job rotation ensure that their head offices steadily include more staff with experience of employment in China. However, the knowledge and perceptions of China of these staff often remain frozen in time, an important aspect with regard to a country undergoing rapid change; one can anticipate that their favoured organizational recipes might fit the requirements of an earlier time. Perceptions of which factors contribute to firms' success will also vary from sector to sector, and within sectors individual firms will have their own differing perceptions, dependent upon their own history and experience. The intention is to move away from notions of generic 'best practice' and to emphasize the context specific nature or situatedness of forms of competitive advantage, with preferences based, perhaps, on assumptions, hunches and subjective judgements as much as objective factors.

The MNCs' introduction of Japanese style customer service, even [illegible]ects involved such as frequent bowing were contrary to local norms, illustrates [illegible] involved. The retailers anticipated that in China their home country form o[illegible] service would provide competitive advantage. In Japan, this approach prob[illegible] longer provides an advantage over competitors, but rather a baseline which all fir[illegible] the sector must meet; failure to provide this customer service would put them at [illegible] competitive disadvantage. It formed part of the MNCs' stock of knowledge, their 'administrative heritage' (Bartlett and Ghoshal, 1989); it was a tried and trusted recipe for conducting business, the taken-for-granted 'default' mode of operating, and also one 'infused with value' (Kostova, 1999, p. 310). In China, by contrast, the imported style of customer service was relatively novel, the backdrop being the deregulation of China's retail sector, its opening to both domestic and foreign competitors, as well as increasing consumption levels.

Workers' adoption of this new approach to customer service was facilitated partly by the fact that they had been carefully selected and trained and could be disciplined, but also by their recognition that it was superior to prevailing domestic practices. This is indicative of the way in which, in developing countries, MNCs have opportunities to help set the institutional rules of the game, as they did in establishing rules on environmental standards in China and Taiwan's chemical industry (Child and Tsai, 2005). The imported form of customer service also meshed with the broader changes in China's retail economy noted above that have transformed it from a sellers' to a buyers' market in which retailers must strive to attract and retain customers.

The retailers' transfer of Japanese style customer service to their overseas subsidiaries contrasts diametrically with the situation reported from Japanese service sector affiliates in America (Aaker, 1990; Beechler and Yang, 1994). Given that industry sector does not appear to inhibit the transfer of organizational practices to China, it is necessary to determine the salient differences between the US and Chinese contexts. Two aspects seem particularly relevant: the relative economic status and institutional structures of the countries involved and the nature of local labour markets.

The findings lend support to Whitley's (1999, 2001) argument that the relative nature and degree of organization in parent and host environments will affect the extent of transfer of firms' parent country practices. On this basis, host country influence on Japanese firms in the less developed and cohesive Chinese context is likely to be relatively weak. This insight helps explain why Japanese service sector firms' affiliates in the USA adapted their HRM orientation to host country norms, while those in China made fewer adaptations. While valuable, though, this approach diverts attention from the crucial importance of labour markets. In both the US cases and this study, local labour markets played a critical role in shaping firms' ability to transfer practices. For instance, although Beechler and Yang's (1994) study compares manufacturing and service sector firms, it also contrasts subsidiaries in parts of America with substantially different labour markets. Japan's labour markets are relatively underdeveloped, but in major US metropolitan areas labour is highly mobile. By contrast, turnover rates in Tennessee were low, making it feasible for the manufacturers to develop Japanese-style HRM practices, such as on-the-job training. Highlighting the importance of local labour markets displaces the usual emphasis upon the nation as the unit of analysis. Labour markets in Shanghai, for instance, may have more in common with those in New York than with ... by rural areas of Anhui or Zhejiang province.

Successfully implementing the form of customer service considered ap... depends upon various HRM dimensions. These include the selection and recruit... those with customer-orientated values, training and socialization, disciplinary meas... surveillance, and incentive strategies. A critical enabling feature underlying these dimensions is availability of an abundant labour supply. Like Japanese manufacturing plants in America (Beechler and Yang, 1994; Florida and Kenney, 1991), the potential to effectively implant Japanese methods relied heavily upon the ability to carefully select workers. The way the Japanese MNCs offered relatively secure employment might be regarded simply as an extension of a deeply ingrained home country norm. It might also possess competitive advantage, for example, in terms of enhancing employee commitment as well as fostering positive responses from other stakeholders, such as local government and the media. Labour costs are an additional dimension. Aaker (1990) points out that Japan's service sector is labour intensive, with high levels of service obtained in part by using more staff. China's low labour costs allow the firms to maintain high staffing levels. This factor also provided a functional equivalent to the numerical flexibility provided by the MNCs' heavy use of contingent staff in Japan (cf. Boyer, 1998, p. 42).

CONCLUSION

This paper's findings indicate that several major theoretical perspectives are, individually, ill equipped to account fully for complex, hybrid patterns of transfer of organizational practices. Culturalist, national business systems, sectoral, international division of labour, and a variety of agency approaches are shown to be inadequate for this task. Abstract structural or contextual models are particularly ill-suited to dealing with 'partial transfer' and the fluid nature of the interactions involved. This paper highlights the value of multi-level analysis and conceptual bricolage to understand the dynamics involved in the transfer of organizational practices. Combining structural and agency or organizational perspectives is likely to be particularly fruitful and liable to generate new insights and more attuned explanations of the processes and dynamics of hybridization. Such an approach can also encompass dimensions that have been neglected or overlooked in much of the existing literature, including the role of perceptions of competitive advantage in shaping organizational practices. Despite this, as this paper suggests, potential pitfalls are likely to remain no matter how complex the model employed.

Transitional economies are likely to manifest high levels of deinstitutionalization. The difficulties this raises for understanding transfer have particular resonance for structural approaches and also for neo-institutionalist perspectives. In environments of considerable flux and heterogeneity with competing values and means to gain legitimacy, it can be highly problematic to state categorically what constitute 'local' norms and practices. It is also often unclear which institutions are most influential, and which are most or least malleable. Moreover, in the host country, deracinated practices rapidly acquire and accrue new sets of meanings – while the outer form of practices might appear the same, the inner contents almost certainly differ from those in the parent enviro ted difficulty involves accurately differentiating internalization from ceremoni

Focusing on the firm and local labour markets shifts attention from the na key unit of analysis. This paper suggested that firms' perception of their so competitive advantage are the key motive encouraging transfer of parent comp practices. Such perceptions are context specific and mediated by diverse factors, rangi from parent company experience and the relative economic development of firms' parent country and the host country. Meanwhile, local labour market norms and practices constitute the most critical variable that can impede transfer. Transfer is most likely to be attempted when a practice is perceived to have competitive advantage and least likely to succeed when it fails to align with host labour market norms and practices.

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NOTE

[1] During April 2005, this erupted into nationwide protests. In one incident the author witnessed, a crowd of several hundred demonstrators surrounded and threw projectiles at a store included in this research.

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