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HR ambidexterity and absorptive capacities: A paradox-based approach to HRM capabilities and practice adoption in MNC subsidiaries

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Abstract

This article examines the relationship between the capabilities of HR departments and the level of adoption of corporate HRM practices in MNC subsidiaries. To explain this relationship, we leverage paradox theorizing, still rare but gaining increasing attention in HRM research, and integrate the studies of practice transfer, organizational ambidexterity, and absorptive capacity. First, we establish the conceptual linkages between the implementation and internalization dimensions of practice adoption and the potential and realized absorptive capacities of HR departments. Second, we re-define the operational and strategic activities of HR departments in terms of the learning paradox of exploitation and exploration. Third, we introduce the concept of HR ambidexterity to describe HR departments that possess high levels of capabilities in both operational (exploitative) and strategic (explorative) task-domains. Finally, we hypothesize that ambidextrous HR departments are more adept at adopting corporate HRM practices. An analysis of the survey data from 105 foreign subsidiaries of 12 MNCs supports this single hypothesis. The main contribution of this research is in leveraging paradox theorizing to explain the nature of HRM capabilities and their role in the adoption of HRM practices.

KEYWORDS

international HRM, knowledge transfer, strategic HR

1 | INTRODUCTION

Embedded within multiple institutional and competitive contexts, multinational corporations (MNCs) face an inherent tension between pursuing consistency in their global operations and adapting to local environments. A defining characteristic and advantage of MNCs, compared to local firms, is their ability to generate and transfer knowledge, including organizational practices, across borders to leverage location advantages, accumulated learning, and gain economies of scale (Kogut & Zander, 1992). However, the cross-border transfer of

practices entails significant challenges (Foss & Pedersen, 2002) as MNCs face competing pressures for which practices to standardize and transfer globally and which to adapt to and develop in the local contexts (Morris & Snell, 2011; Pudelko & Harzing, 2007). This classic paradox of global integration and local adaptation of practices remains a central theoretical and practical concern for managing people in MNCs (Andersen & Andersen, 2017; Edwards, Sánchez-Mangas, Jalette, Lavelle, & Minbaeva, 2016).

MNCs consist of geographically dispersed organizational units—subsidiaries—which with different degree of autonomy develop

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practices that reflect their unique environments, creating internal heterogeneity (Ghoshal & Bartlett, 1988). Institutional and competitive forces, and reliance on local workers, often induce adaptation of human resource management (HRM) practices to local standards (Björkman, Fey, & Park, 2007; Edwards et al., 2016). Adaptation and heterogeneity facilitate institutional compliance and, at times, support innovation and competitive advantage in local units (Morris & Snell, 2011). However, local heterogeneity may also create inefficiencies, reduce economies of scale and scope, and hinder integration and operational consistency at the MNC level (*ibid.*). Hence, while local practice creation is important, MNCs seek to leverage the established and valued practices across their units. In turn, the central function and challenge of HR departments in most subsidiaries, is to adopt HRM practices transferred from headquarters (HQ) and other units (Morris et al., 2009; Morris & Snell, 2011).

Because both global integration and local adaptation of practices entail inherent benefits and limitations, the tension between them cannot be resolved for good and creates a paradox, where MNCs need to attend to both demands concurrently (Evans, Pucik, & Björkman, 2011). Doing so, not only allows them to benefit from learning at scale, but also to pursue consistency of corporate culture and values while being authentic to local stakeholders (*ibid.*; Martin, Gollan, & Grigg, 2011). The existing research on HRM practice transfer focuses on the determinants of transfer decisions, the roles and strategic orientations of MNC units, and the practice transfer mechanisms (for a review see Chiang, Lemański, & Birtch, 2017). In contrast, little attention has been paid to the capabilities of HR departments responsible for the actual adoption of transferred HRM practices in MNC subsidiaries (*ibid.*; see Morris & Snell, 2011).

The current literature highlights the complexities of practice adoption and distinguishes between its dimensions: *implementation* and *internalization* (*ibid.*; Ahlvik & Björkman, 2015). Studies define the ability of MNC units to learn and use the transferred knowledge as absorptive capacity (AC)—ability to recognize, assimilate, and exploit external knowledge—a function of their current related capabilities (Cohen & Levinthal, 1990; Minbaeva, Pedersen, Björkman, Fey, & Park, 2003). However, the existing research on HRM practice adoption seldom explains the nature of HRM capabilities in subsidiaries and the mechanisms linking them to the dimensions of adoption (see Zhou, Fey, & Yildiz, 2020). To address this significant limitation and examine the role of HRM capabilities in the adoption of corporate HRM practices in MNC units, we draw on paradox theorizing and integrate the concepts of *ambidexterity* and AC.

To date, most research on HRM and ambidexterity—the capability to simultaneously *exploit* and *explore* knowledge—has treated HRM as an antecedent of ambidexterity at the level of organization (for a review see Junni, Sarala, Tarba, Liu, & Cooper, 2015). We take a different approach and examine ambidexterity at the level of HR departments. To that end, we (i) leverage paradox theorizing, often implicit in ambidexterity studies and still novel to the HRM field, and re-define the operational and strategic activities of HR departments in terms of the exploitation–exploration paradox; (ii) introduce the concept of HR ambidexterity to describe HR departments that take a “both/and”

approach and develop capabilities in both operational and strategic HRM domains; (iii) theorize that HRM capabilities constitute the AC of HR departments, which in turn facilitates the adoption of HRM practices; (iv) and empirically demonstrate that ambidextrous HR departments are more adept at adopting corporate HRM practices in MNC subsidiaries.

The remainder of the article is structured as follows. First, we review the basic elements of paradox theorizing and explain how this perspective informs our research. Next, we discuss the notion of HRM practice transfer in MNCs and establish conceptual linkages between practice adoption and ACs of HR departments in subsidiaries. Then, we re-define the operational and strategic HRM activities in terms of the exploitation and exploration paradox, introduce the concept of HR ambidexterity, and develop a single hypothesis for the empirical study. Further, we operationalize the discussed constructs and present the empirical results based on a sample of 105 foreign subsidiaries of 12 MNCs. We conclude with discussion of findings, limitations of the article, and suggestions for future research.

2 | THEORETICAL BACKGROUND AND DEVELOPMENT

The current literature suggests that both operational and strategic capabilities of HR departments facilitate the adoption of corporate HRM practices in MNC units (see Ahlvik & Björkman, 2015; Björkman & Lervik, 2007; Mäkelä, Björkman, Ehrnrooth, Smale, & Sumelius, 2013). Although scarce, this research has examined HRM capabilities in separation, focusing on *either* operational or strategic domain. Moreover, despite distinguishing between dimensions of practice adoption, the existing work has come short in explaining the conceptual relationship between the HRM capabilities, and the *implementation* and *internalization* of practices. Some studies have invoked AC as a general-purpose concept to link an HRM capability domain to practice adoption (*ibid.*); however, AC is also a multidimensional construct that requires specification of its elements and mechanisms (see Song, Gnyawali, Srivastava, & Asgari, 2018; Zahra & George, 2002).

To address these limitations, our article leverages paradox theorizing to (re-)define the nature of HRM capabilities and explain their role in the adoption of corporate HRM practices in MNC subsidiaries. To that end, we integrate and advance the studies of HRM practice transfer, organizational ambidexterity (OA), and AC. We develop the concept of *HR ambidexterity* to explain the paradoxical nature of operational and strategic HRM activities, and the concurrent development of capabilities in both domains, informing the long-standing debate about the tension between them (see Beer, 1997; Keegan, Bitterling, Sylva, & Hoeksema, 2017). In turn, the concepts of *potential* and *realized* AC (Zahra & George, 2002) denote the mechanism linking HRM capabilities to the dimensions of *practice adoption* (Kostova, 1999). Combined, the insights from this article establish a common conceptual foundation and enable novel linkages for research on learning tensions and “both/and” solutions in HRM, OA, and AC studies.

2.1 | Paradox theorizing

Paradox theorizing operates at a metatheoretical level. As such, it is not restricted to particular contexts, phenomena, or methods, but rather establishes the basic research assumptions, defines central concepts, and explains the nature of relationships among them (Lewis & Smith, 2014). At the core of this perspective is an assumption that tensions are inherent to organizations and essential to their long-term survival (Evans, 1999). Hence, paradox theorizing challenges the prevailing “either/or” approach to tensions, aimed at resolving them in response to contingencies (see Delery & Doty, 1996), and instead seeks ‘both/and’ solutions for the concurrent pursuit of competing demands (Smith & Lewis, 2011).

Paradoxes comprise competing, simultaneous, interrelated, and persistent demands that cannot be resolved for good and require concurrent attention (*ibid.*). Such demands are inherent in organizations and characterize their most essential activities, manifesting in tensions between exploitation and exploration (March, 1991), integration and differentiation (Lawrence & Lorsch, 1967), individual and collective identities (Pratt & Foreman, 2000), and competing managerial goals (Floyd & Lane, 2000) to name a few. In a seminal work on paradox theorizing, Smith and Lewis (2011) categorize the vast studies of paradoxical tensions in organizations into four broad domains: *learning*, *organizing*, *belonging*, and *performing*. A common development across these diverse areas of research has been a shift from treating competing demands as mutually exclusive to recognizing their persistent and interrelated—*paradoxical*—nature. We briefly describe the four paradoxical domains and explain how paradox theorizing informs our article.

The paradoxes of *performing* and *belonging* arise at the individual and group levels from tensions between competing values and identities of organizational actors and collectives, as well as stakeholders’ demands toward them. The research in these areas highlights tensions between conflicting yet complementary institutional logics, identities, and roles of organizational actors (e.g., Ashforth & Reingen, 2014; Smets, Jarzabkowski, Burke, & Spee, 2015). In the HRM field, these paradoxes are most evident in tensions between the employee- and business-oriented roles (Sheehan, De Cieri, Greenwood, & van Buren, Sheehan, Cieri, Greenwood, & Buren, 2014) and the utilitarian and altruistic values of HR practitioners (Aldrich, Dietz, Clark, & Hamilton, 2014; Legge & Exley, 1975).

While the paradoxes of performing and belonging pertain to socio-psychological and cognitive aspects of organizations, the *organizing* paradoxes refer to structural contradictions and encompass tensions between competing structures and processes. Some essential paradoxes of organizing arise from the tension between *differentiation* and *integration* processes (Lawrence & Lorsch, 1967) and their extension to *global* and *local* strategies (Bartlett & Ghoshal, 1989). In HRM, organizing paradoxes are manifest in tensions between *centralization* and *devolution* of HRM tasks (Ulrich, Younger, & Brockbank, 2008), and between *global integration* and *local adaptation* of HRM practices in MNCs (Pudelko & Harzing, 2007), among others.

Finally, the paradoxes of *learning* arise as organizations change and renew, from tensions between stability and change (Farjoun, 2010) and

incremental and radical innovation (Tushman & O'Reilly, 1996), but ultimately stem from the competing modes of learning: *exploitation* and *exploration* (March, 1991). The research at the nexus of organizational learning and HRM, while emphasizes the competing learning modes, is often limited to treating HRM as their antecedent (see Junni et al., 2015). Thus, it seldom considers the learning tension at the level of an HR department *itself* (with the exception of Huang & Kim, 2013), and the role of its capabilities in exploiting and exploring HRM-related knowledge. Moreover, paradox theorizing remains more often implicit in these studies and the trade-off logic prevails (Keegan et al., 2017). To address these oversights, we argue that the learning paradox of HR departments is manifest in the tension between their *operational* (exploitative) and *strategic* (explorative) HRM tasks.

Tensions develop both within and across the paradoxical domains, and often transpire at multiple levels (Jarzabkowski, Lê, & Van de Ven, 2013). Hence, the need to simultaneously exploit and explore knowledge raises significant challenges of organizing. Organizations tend to differentiate processes across their units to increase adaptation and heterogeneity for innovation; this, in turn, creates the need to integrate the efforts of these units to leverage created knowledge in pursuit of a common goal (Jansen, Tempelaar, Van den Bosch, & Volberda, 2009).

These tensions extend into the context of MNCs, which strive to integrate their learning efforts and leverage valued knowledge by transferring it across networks of differentiated units (Ghoshal & Bartlett, 1990; Malik, Sinha, Pereira, & Rowley, 2019). However, the effectiveness of knowledge transfer is contingent on adoption—*implementation* and *internalization*—of that knowledge by its recipients (Kostova, 1999). This, in turn, rests on their abilities to recognize, assimilate, and apply such knowledge, defined as AC (Cohen & Levinthal, 1990; Gupta & Govindarajan, 2000). Therefore, we propose that the learning and organizing paradoxes of HR departments in MNC subsidiaries transpire in their attempts to implement and internalize the HRM practices transferred from corporate HQ.

In managing the paradoxes of learning and organizing at the organization- and business unit-levels, studies emphasize dynamic capabilities, and particularly ambidexterity as a structural and/or contextual attribute that facilitates the concurrent pursuit of exploitation and exploration (Andriopoulos & Lewis, 2009; Jansen et al., 2009). Accordingly, we translate the concept of ambidexterity into the HRM context to describe HR departments that develop high levels of both operational (exploitative) and strategic (explorative) HRM capabilities. In the following sections, we leverage paradox theorizing to define the elements of our conceptual framework and explain the nature of relationships among them.

2.2 | HRM practices, their transfer, and adoption

According to the resource-based view, valuable, rare, inimitable, and context-specific practices are a potential source of competitive advantage (Barney, 1991). Successful replication of such practices across units allows MNCs to gain economies of scale and scope, while

integrating these units and their workers (Morris et al., 2009). Past studies have also shown that HRM practices facilitate AC and knowledge transfer (Minbaeva et al., 2003). The early research has focused on the formal firm-level practices (e.g., Huselid, 1995), as well as MNC-level determinants and mechanisms of their transfer (e.g., Von Glinow & Teagarden, 1988). However, this traditional approach seemed to treat *practices* as almost synonymous with information that can be created, embedded in organizational routines, and disseminated without distortion, implying that “to transfer [practices] is not to transform” (Gherardi, 2000: p. 213).

Ascribed to the “practice-turn” (Whittington, 2006), advances in other fields have arrived at a more nuanced conception of practices. The “*practice*” approach treats knowledge as situated in local practice and based on resources that are “disembedded” “from their original context and made available through their transformation, legitimization, institutionalization, and circulation” (Gherardi & Nicolini, 2000: p. 332). These resources can be re-embedded in other contexts through an ongoing process that alters both the knowledge and its local context (ibid.). Hence, *practices* are routinized types of behavior that are combined and altered for a given purpose and circulated via a process of translation where transfer requires *transformation* (ibid.; Jarzabkowski, Balogun, & Seidl, 2007). In turn, to better account for the locally-enacted nature of HRM practices, recent studies have been shifting focus from intentions of the practice sender to its actual adoption—*implementation* and *internalization*—by the recipients (see Chiang et al., 2017).

Implementation of a transferred practice refers to the diffusion of formal frameworks and rules that define this practice, as reflected in external behaviors and processes expected from its recipients (Kostova, 1999). The studies of knowledge transfer refer to this process as replication. A practice is considered replicated if the recipient unit maintains the “core principles” associated with it, while necessary modifications are made to adapt this practice to a local context (Ansari, Reinecke, & Spaan, 2014; Morris et al., 2009). However, even with close adherence to rules and frameworks, subsidiaries might engage in *ceremonial adoption* in formal compliance with HQ mandate, while being unwilling and/or unable to exploit an implemented practice (Kostova & Roth, 2002). Thus, mere implementation of a practice is insufficient for its successful adoption.

Internalization of a transferred practice refers to the commitment to and internalized belief in the goals and value of this practice among its recipients (Kostova, 1999). Internalization is important because of its “action-generating” properties that motivate actors to exert effort in implementing the practice (Kostova & Roth, 2002: p. 217). Motivation is essential for exploitation of acquired knowledge (Minbaeva et al., 2003). This is especially critical at the level of the unit's senior managers, whose attitudes toward HRM practices send a signal to other actors about the behaviors these practices expect and reward (Bowen & Ostroff, 2004). In turn, the managers' commitment to HRM practices often depends on the perceived benefits of these practices to the business goals of their MNC units (Björkman, Ehrnrooth, Smale, & John, 2011).

The evidence suggests that MNC subsidiaries often struggle to adopt HRM practices from the wider organization (ibid.; Chiang

et al., 2017). The same social complexity that renders valuable practices hard to imitate for competitors also hinders their replication across MNC units (Szulanski, 1996). Moreover, differences in regulatory, cognitive, and normative features of countries where the sending and receiving units are located, impose pressures for adaptation of practices (Björkman et al., 2007; Kostova, 1999). Indeed, some adaptation always accompanies the practice transfer (Szulanski & Jensen, 2006). Thus, “to transfer is to *transform*” (Gherardi & Nicolini: p. 333) and “to adopt is to *adapt*” (Ansari et al., 2014: p. 1314).

In line with these advances, we take “a step from *practices* toward *practice*” (Björkman, Ehrnrooth, Mäkelä, Smale, & Sumelius, 2014: p. 126) to capture local perceptions and experiences of HRM practices. Hence, we assume that formal *implementation* of corporate HRM practices in MNC units is insufficient for their adoption, and thus we also examine their *internalization* by local actors (Kostova & Roth, 2002). In turn, we argue that a crucial determinant of the adoption of corporate HRM practice in MNC units is the AC of their HR departments.

2.3 | Absorptive capacities and HRM practice adoption in MNC units

To conceptualize AC, we build on the seminal work of Zahra and George (2002) and distinguish between potential (PAC) and realized (RAC) ACs. PAC refers to an organizational unit's capabilities to *acquire* and *assimilate* external knowledge, while RAC denotes its capabilities to *transform* and *exploit* this knowledge (ibid.). In this section, we theorize that PAC and RAC of HR departments underpin the *implementation* and *internalization* (respectively) of corporate HRM practices in MNC units.

As part of PAC, *acquisition* and *assimilation* capabilities involve recognition, acquisition, analysis, and processing of external knowledge valuable to a unit's operations (Zahra & George, 2002). *Acquisition* incorporates knowledge-search routines for scanning and sensing the business environment, which enable a unit to spot external knowledge, assess its value and relevance, and acquire it (Cohen & Levinthal, 1990; Song et al., 2018). *Assimilation* is based on knowledge-processing routines for analyzing, interpreting, and understanding the acquired knowledge, which enable a unit to learn from the working templates and begin implementing that knowledge (Kim, 1998). Together, these capabilities comprise a unit's capacity to identify, replicate, and implement formal processes that define a transferred practice, but do not ensure its exploitation (Lane & Lubatkin, 1998; Zahra & George, 2002). Therefore, we theorize that the PAC of HR departments underpins the *implementation* of transferred HRM practices in MNC units.

As part of RAC, *transformation* and *exploitation* capabilities comprise the combination, alignment, internalization, and application of acquired and assimilated knowledge in a unit's operations (Zahra & George, 2002). *Transformation* involves routines for combining acquired knowledge with an existing knowledge base, which enable a unit to experiment with, adapt, and internalize acquired knowledge in

search of novel linkages and solutions (Cohen & Levinthal, 1990; Fosfuri & Tribó, 2008). It is in these activities that “the genesis of new competencies can be found” (Zahra & George, 2002: p. 190). In turn, *exploitation* of transformed and internalized knowledge is based on routines for refining this knowledge and extracting its value in a unit's operations (ibid.). Together, these capabilities comprise a unit's capacity to adapt, internalize, and exploit the benefits of a transferred practice. Therefore, we propose that the RAC of HR departments underpins the *internalization* of transferred HRM practices in MNC units.

PAC and RAC are distinct but complementary, and coexist at all times, so that each constitutes a critical yet insufficient condition for learning. There are no new practices to exploit until they have been acquired and assimilated; however, MNC unit actors might be incapable or unwilling to adapt and exploit the new practices, even if they have been acquired and assimilated (Zahra & George, 2002). Hence, a successful adoption of transferred HRM practices requires that unit HR departments both implement these practices and drive their internalization among local stakeholders (Kostova, 1999), abilities underpinned by their respective PAC and RAC.

Subsequently, integrating the ambidexterity and AC research (Kauppila, 2010; Zahra & George, 2002), we theorize that PAC and RAC are based on a combination of paradoxical modes of learning: exploitation and exploration. Given that a unit's AC depends on its existing related knowledge (Cohen & Levinthal, 1990), we propose that HR departments that possess high levels of both exploitative and explorative capabilities are more adept at absorbing transferred HRM practices. We define such HR departments as ambidextrous (Birkinshaw & Gupta, 2013; Gibson & Birkinshaw, 2004). In the following sections, we (re-)define the operational and strategic tasks of HR departments in terms of the paradox of exploitation and exploration, and then hypothesize the relationship between HR ambidexterity and HRM practice adoption in MNC units.

2.4 | The exploitation–exploration paradox and HRM capabilities

In a seminal work on the paradox of organizational learning, March (1991) examines the tension between exploitation of existing and exploration of new knowledge. He defines *exploitation* in terms of “refinement, efficiency, and implementation” (March, 1991: p. 71) of existing capabilities in pursuit of incremental improvements (Lubatkin, Simsek, Ling, & Veiga, 2006). Improvement of competencies increases the likelihood of returns from the established practices and activities and enables a firm to capitalize on accrued experience (March, 1991). Hence, returns from exploitation tend to be more certain, positive, and proximate. However, the increasing returns from learning and imitation tend to limit experimentation, and competences in inferior activities may displace more valuable tasks at which a firm lacks experience (Levinthal & March, 1993). Unaltered, expertise may become so specialized as to lead to the “not-invented-here” syndrome, restricting the flow of new external knowledge (Cohen & Levinthal, 1990).

In contrast, *exploration* involves “search, variation, and experimentation” in pursuit of new knowledge and capabilities (March, 1991: p. 71). Exploration aims to detect and capitalize on latent environmental trends in search of future opportunities (Lubatkin et al., 2006). Creation of new knowledge and strategic alternatives is essential for organizational survival and future rents. However, most new ideas fail, and even successful innovations tend to be unrewarding at first, until a firm develops sufficient competencies and experience (Levinthal & March, 1993). Hence, returns from exploration are often more uncertain, negative, and remote (ibid.). Moreover, failure can become contagious. A firm can get trapped in an incessant search for new ideas and change without learning, incurring the costs of innovation without its benefits (ibid.; March, 1991).

The tension between exploitative and explorative modes of learning is inherent and cannot be resolved for good. It results in the learning paradox, where the survival and success of organizations requires the concurrent pursuit of both. This paradox permeates an organization, spurring tensions between processes and tasks geared toward exploitation and exploration across levels, functions, and units (March, 1991). Although the tension between the paradoxical modes of learning is overarching, the competing demands it creates are task- and function-specific. For instance, distinct tensions arise in technology innovations (Tushman & O'Reilly, 1996) or manufacturing (Adler, Goldoftas, & Levine, 1999). In turn, we theorize that the learning paradox of HR departments manifests in the tension between the operational and strategic HRM tasks. To conceptualize this tension, we answer the call of Lavie, Stettner, and Tushman (2010) and build on March's (1991) original definitions of exploitation and exploration, and their returns.

We propose that the domain of HRM activities defined as *operational* or technical exhibits the characteristics of *exploitation*. The HR department is expected to build an efficient and effective infrastructure for implementing, maintaining, and streamlining HRM practices in the areas of recruitment, compensation and rewards, training and development, and performance management (Huselid, Jackson, & Schuler, 1997; Ulrich et al., 2008). Operational tasks seek to exploit existing capabilities, optimize, and re-engineer HRM processes and mechanisms of their implementation in search of efficiencies and service improvements (Brockbank, 1999). Their purpose is to execute HRM practices that promote the desired behaviors and enhance individual workers' abilities and motivation (ibid.).

The outcomes of operational tasks are the direct remit of HR departments and depend on their capabilities (Brockbank, 1999). Operational results can often be quantified and linked to performance metrics for ongoing evaluation, cost-benefit analyses, and forecasting (Levenson, 2018; Schiemann, Seibert, & Blankenship, 2018). Thus, their returns tend to be more certain, positive, and proximate. Even the most basic operational tasks, such as implementation of reward and recruitment practices are indispensable in most organizations (Brockbank, 1999). When highly developed, capabilities in important operational areas and HRM practices are considered instrumental to organizational performance (Combs, Liu, Hall, & Ketchen, 2006; Huselid et al., 1997). However, because operational activities are

often standardized and based on the existing capabilities, they are unlikely to provide sustained competitive advantage.

In turn, we suggest that the domain of HRM tasks defined as *strategic* or transformational exhibits the characteristics of *exploration*. The HR department is expected to co-create strategy and facilitate planning, design, and transform systems of HRM practices, integrate and align these systems with the business goals, and facilitate change and learning (Ulrich, Younger, Brockbank, & Ulrich, 2013). Strategic activities aim to explore latent environmental trends in order to forecast future business needs and create organizational culture, human capital solutions, and innovative HRM practices to address them (Brockbank, 1999). The purpose of strategic tasks is to develop capabilities and strategic alternatives that improve a firm's long-term competitiveness and performance (Huselid et al., 1997; Ulrich et al., 2013).

Strategic HRM tasks surpass operational efficiency concerns and seek to develop unique combinations of HRM practices and human capital (Becker & Huselid, 2006). Though such tasks have greater potential to generate competitive advantage (Brockbank, 1999), the outcomes and mechanisms of complex and long-term strategic and change programs tend to be remote and hard to measure, often described as a "black box" of HRM (Becker & Huselid, 2006; Cappelli, 2015). Moreover, the HR department often lacks the capabilities, status, and resources to drive such initiatives (Guest & King, 2004). In turn, in search of higher influence and deliverables, it runs the risk of implementing ill-fitting "best practices" and fads (Ulrich et al., 2013). This uncertainty of returns further undermines strategic HRM investments, often limiting HR departments to less valuable yet more certain operational tasks (Cappelli, 2015), in what Levinthal and March (1993) describe as myopia of learning.

We propose that operational and strategic HRM tasks are paradoxical: they compete for resources, involve distinct capabilities and learning modes, and diverge in goals and the nature of returns. However, both task-domains are also complementary, interrelated, and indispensable for a firm's long-term survival. Preoccupation with operational HRM tasks might lead to short-term efficiencies, but desensitizes a firm to future HR requirements and threats of inertia (Brockbank, 1999; Levinthal & March, 1993). In turn, an overemphasis on strategic tasks might produce new solutions, but also impairs HRM implementation and support, and separates the HR department from its traditional base of operational expertise (Teo & Rodwell, 2007). Moreover, operational expertise is considered a prerequisite for strategic involvement (ibid.; Aldrich et al., 2014), while operational success often depends on strategic insight and innovations (Cappelli, 2015). Hence, HR departments require concurrent development of capabilities in both domains.

2.5 | Ambidexterity and AC

Despite consensus as to the simultaneous need for exploitation and exploration, the literature continues to debate the nature and management of the tension between them (see Gupta, Smith, & Shalley, 2006; Lavie et al., 2010). The earlier studies of exploitation

and exploration described them as antithetical activities, which, due to resource constraints, introduce significant trade-offs (Duncan, 1976; March, 1991). However, recent research indicates that some firms can overcome these trade-offs and pursue the competing activities concurrently (for a review see Birkinshaw & Gupta, 2013). The literature describes such firms as ambidextrous and defines ambidexterity as a capability for maximizing the concurrent pursuit of both exploitative and explorative activities (Raisch & Birkinshaw, 2008; Simsek, Heavey, Veiga, & Souder, 2009).

A capability denotes an organization's ability to combine and mobilize resources, through organizational processes, to attain specific results (Amit & Schoemaker, 1993). Capabilities are embedded in organizational routines, practices, and structures, and reflect a firm's abilities to compete in current business conditions (ibid). However, as Levinthal and March (1993: p. 103) caution: "by the time knowledge is needed, it is too late to gain it; before knowledge is needed, it is hard to specify what knowledge might be required". Hence, firms should build inventories of exploitative and explorative capabilities for the future.

The literature distinguishes two main approaches to developing ambidexterity: *structural* and *contextual* (Malik, Pereira, & Tarba, 2019; for a review see O'Reilly & Tushman, 2013). *Structural* approaches, prevalent in the earlier studies, pertain to the firm-level and focus on the trade-offs and differentiation between exploitation and exploration. These approaches advocate separation of competing activities into specialized organizational subunits—simultaneously or in sequence (Katila & Chen, 2008)—the efforts of which are integrated by the senior management (Tushman & O'Reilly, 1996). In turn, the *contextual* approach pertains to the business unit-level and promotes integration of capacities for concurrent exploitation and exploration within a single unit and/or firm (Gibson & Birkinshaw, 2004; Malik, Boyle, & Mitchell, 2017).

Given the costs and coordination challenges of *structural* separation, research has been shifting from the trade-off to paradoxical thinking, focusing on complementarities of competing activities, and the *contextual* solutions for their concurrent pursuit (ibid.). However, the notion of paradox remains more often implied than explicit in the ambidexterity studies, while the logic of trade-offs prevails (Papachroni, Heracleous, & Paroutis, 2015). Moreover, both structural and contextual solutions are inherently limited. Firm-level differentiation precariously hinges on the abilities of senior management (Lubatkin et al., 2006) and invariably requires some integration at the level of business units (Birkinshaw & Gupta, 2013). In turn, integration in business unit often lacks the structural resources to excel at either task. Thus, both approaches to ambidexterity are increasingly considered complementary (ibid.).

Kauppila (2010) argues that most firms lack resources to excel at exploitation and exploration and should look to obtain external knowledge via interorganizational partnerships. Since a firm's capacity to absorb new external knowledge is a function of its existing knowledge in related domains (Cohen & Levinthal, 1990), *contextually ambidextrous* firms that integrate exploitative and explorative tasks are also able to absorb both exploitative and explorative external knowledge

(Kauppila, 2010: p. 288). MNC subsidiaries, which often function as semi-autonomous organizations (Ghoshal & Bartlett, 1990), are also likely to lack resources to excel at both exploitation and exploration. Though, unlike autonomous firms, MNC units can augment internal capabilities with the knowledge from the parent organization through, for instance, the transfer of practices. Hence, we propose that an MNC unit's capacities to absorb and adopt these practices depend on its exploitative and explorative capabilities in related domains.

Extending this logic, we theorize that the capacities of HR departments in MNC units to adopt corporate HRM practices involve a combination of operational (exploitative) and strategic (explorative) HRM tasks. Focusing on the level of HR departments, we follow a *contextual*—rather than *structural*—approach and define HR departments that integrate high levels of HRM capabilities in both domains as ambidextrous. In turn, we argue that such departments are more adept at adopting corporate HRM practices in MNC units. In what follows, we outline HRM tasks comprising the AC of HR departments, explain the relationship between HR ambidexterity and HRM practice adoption, and present a single hypothesis for the empirical study.

2.6 | HR ambidexterity, ACs, and practice adoption

This article integrates the studies of practice transfer, ambidexterity, and AC to explain the relationship between HRM capabilities and adoption of corporate HRM practices in MNC units. We assume that unit HRM practices often depart from corporate transfer intentions, reflecting “hybrid” patterns of replication and modification (Ansari et al., 2014; Gamble, 2010). In turn, we theorize that these patterns of replication and modification involve both operational and strategic HRM tasks, which constitute the PAC and RAC of unit HR departments. We depict this conceptual model in Figure 1 and develop it in the following sections.

As part of PAC, *acquisition* involves strategic (explorative) HRM tasks. Unit HR actors explore the templates (working examples) of practices intended for transfer to identify replicable elements and assess their potential value for the recipient unit (Jensen & Szulanski, 2007; Winter & Szulanski, 2001). These activities require

strategic HRM capabilities in practice development, environmental analysis, and strategic alignment to recognize practice elements and linkages, and estimate their potential fit and business value for a unit. In turn, *assimilation* entails operational (exploitative) HRM tasks. Unit HR actors process and interpret acquired tacit knowledge about the practices, convert it into routines, and learn them “by doing” (Cohen & Levinthal, 1990; Kim, 1998). These tasks rest on operational HRM capabilities in practice implementation to replicate formal practice frameworks and establish internal mechanisms of their delivery.

As part of RAC, *transformation* involves strategic (explorative) HRM tasks. Once new routines are assimilated, unit HR actors combine them with the existing practices, transform and explore their elements in search of synergies and innovations, and adapt them to the needs of their unit (ibid.; Fosfuri & Tribó, 2008). These activities depend on strategic HRM capabilities to create new linkages between the acquired and existing practices, evaluate their fit, and align the resulting HRM configurations with a unit's context and business goals. Finally, *exploitation* entails operational (exploitative) HRM tasks. Unit HR actors refine and utilize these HRM configurations in a unit's operations (Zahra & George, 2002). These tasks rest on operational HRM capabilities to implement and maintain transformed practices in pursuit of a unit's goals.

Hence, HRM tasks involved in *acquisition* and *assimilation* (PAC) of HRM practices underpin their *implementation*, while HRM activities involved in *transformation* and *exploitation* (RAC) of these practices underpin the *internalization* component of their adoption. Together, HRM tasks comprising PAC and RAC underpin an overall capacity of HR departments in MNC units to adopt HRM practices (see Zahra & George, 2002; Zhou et al., 2020). In turn, given that AC is a function of prior related knowledge (ibid.), we argue that ambidextrous HR departments that develop high levels of capabilities in both operational and strategic HRM domains are more adept at adopting (implementing and internalizing) the corporate HRM practices.

Subject to strategic, institutional, and relational forces, the adoption of HRM practices is a significant challenge and variation exists in adoption patterns (Kostova & Roth, 2002). Since successful adoption requires both *implementation* and *internalization* of practices, we argue that its dimensions are complementary and nonsubstitutable

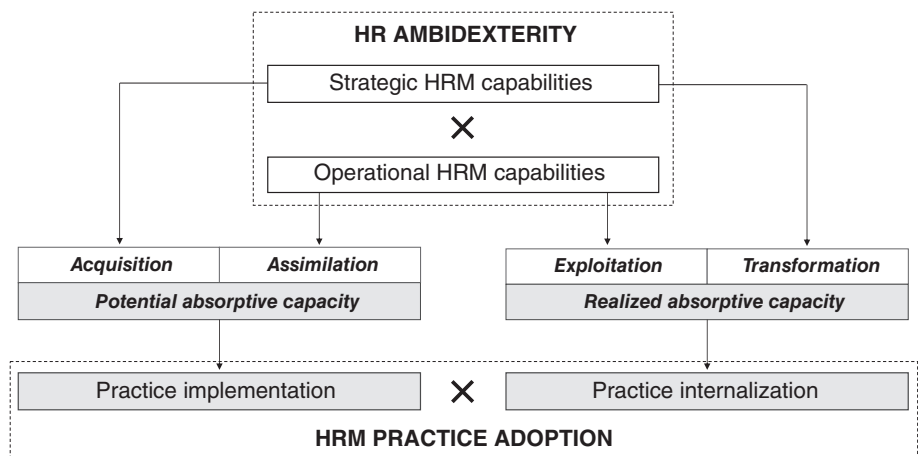


FIGURE 1 Conceptual model of HR ambidexterity and HRM practice adoption

(one does not compensate for the lack of the other) and operationalize adoption as their multiplicative interaction. Similarly, exploitation and exploration capabilities are complementary, non-substitutable, and interdependent, so that ambidexterity requires their concurrent and maximal pursuit (Simsek et al., 2009). Hence, based on the contextual mode of ambidexterity (Gibson & Birkinshaw, 2004; see Junni, Sarala, Taras, & Tarba, 2013), we operationalize HR ambidexterity as multiplicative interaction of *operational* and *strategic HRM capabilities*. In turn, we empirically test the following single hypothesis:

Hypothesis 1 *The higher the level of HR ambidexterity (the multiplication of operational and strategic HRM capabilities), the higher the level of HRM practice adoption (the multiplication of practice implementation and internalization) in MNC subsidiaries.*

3 | METHODS

3.1 | Data collection

To test the hypothesis, we used data from a large-scale project on global HRM in Nordic MNCs in 2009. First, aiming to gain access to 10 subsidiaries in 10 MNCs, we contacted the 20 largest MNCs workforce-wise in Finland; eight agreed to participate. Second, to increase the sample size but maintain comparability, we added one

Swedish and three Norwegian MNCs of similar size to our project. The final sample comprised 105 foreign subsidiaries of 12 MNCs from the industrial and consumer goods and services industries. Employing between 2,500 and 60,000 employees, the participants were among the largest MNCs in terms of workforce in their home markets, with subsidiaries in on average 30 countries. Finally, an HR representative (often the highest-ranking HR manager) from the corporate HQ in each MNC identified the units and respondents within them for the survey. The selection emphasized diversity in terms of the unit size and geography. Table 1 provides additional characteristics of our sample.

Despite growing global convergence of operational standards, MNCs are subject to unique country-of-origin effects (Edwards et al., 2016). Based in relatively small home markets, MNCs from the Nordics often internationalize early, are less hierarchical, and have a larger share of R&D and production facilities outside of home countries and more globally distributed than in MNCs from the larger markets (Björkman & Forsgren, 2000). Harzing and Pudelko (2013) also observe that in Nordic MNCs, subsidiaries communicate with their HQs in English significantly more often than in other MNCs originating from non-English-speaking countries. Finally, MNCs from the Nordics tend to grant low levels of autonomy, higher only than firms from the market-based capitalist economies, over HRM practices to foreign units (Belizon, Gunnigle, & Morley, 2013). Hence, they are likely to prioritize practice transfer to local development, and thus are a particularly relevant empirical setting for studies of corporate practice adoption in subsidiaries.

N = 105	Category	Number of units	Sample (%)
No. of employees	<100	22	21
	100–500	46	44
	501–1,000	20	19
	>1,000	17	16
Unit age	<5	6	6
	5–10	9	8
	11–20	33	31
	>20	57	55
HR manager tenure in position	<1	7	7
	1–4	63	60
	5–9	26	24
	11–25	9	9
Size of HR department	1–5	71	68
	6–10	20	19
	>10	14	13
HR manager nationality	Parent country	9	9
	Host country	88	84
	Third country	8	7
Founding method	Greenfield	47	45
	Acquisition	58	55
Unit mandate	Manufacturing	18	17
	Sales and services	49	47
	World mandate	38	36

TABLE 1 Sample characteristics (N = 105)

The data collection followed a mixed-mode survey design (De Leeuw, Hox, & Dillman, 2008). Two separate questionnaires—one for the most senior manager (“general manager” or GM) and one for the most senior HR person (“HR manager”) in each of 105 subsidiaries—were mailed to respondents, who later completed them over the phone. To devise the questionnaires, we conducted a comprehensive literature review in the fields of international and strategic HRM, international management, and practice transfer, focusing on the constructs that tap into HRM practices in MNC units and the nature of relationships between subsidiaries and corporate HQ. The potential constructs and measures have been evaluated in multiple rounds of discussion within the project team and tested in pilot surveys with two external professionals in similar positions to that of the eventual respondents. Following the pilot surveys, we reworded several items to enhance clarity, though no major changes were deemed necessary.

The questionnaires were in English, which was the official language of inter-unit communications across all of 105 subsidiaries. English was also the primary language of phone surveys, with Finnish, Swedish, and Russian at times used for clarification. First, we mailed the questionnaires to respondents so they could prepare the answers and potential comments where questions were unclear. Then, we conducted the survey over the phone, where the respondents relayed their answers and researchers filled in the questionnaires, taking on average 45 minutes for HR managers and 20 minutes for GMs. The time differences reflected the relative lengths of the HR and GM questionnaires. This approach is often more effective than self-administered surveys, because it allows researchers to explain concepts and clear potential misunderstandings to minimize the number of unanswered questions (e.g., De Leeuw et al., 2008; Webster, 1997).

3.2 | Measures and operationalization

3.2.1 | Dependent variable: Unit HRM practice adoption

We theorize that the ability of HR departments in MNC units to adopt corporate HRM practices is a function of their potential (PAC) and realized (RAC) ACs. In particular, PAC of HR departments—capabilities to *acquire* and *assimilate* practices¹—underpins the *implementation* of corporate HRM practices in MNC units, reflected in replication of rules and processes that define these practices (Kostova, 1999; Lane & Lubatkin, 1998). In turn, RAC of HR departments—capabilities to *transform* and *exploit* practices—underpins the *internalization* of corporate HRM practices in MNC units, reflected in commitment to the goals and value of these practices among the units' management (Ansari et al., 2014; Kostova & Roth, 2002). We operationalized the *implementation* and *internalization* of HRM practices based on the studies of practice adoption in MNCs. Please see Appendix for a full list of the items used in this study.

First, to operationalize the level of *implementation* of corporate HRM practices in MNC units, we built on the existing studies (Mäkelä et al., 2013; Rosenzweig & Nohria, 1994) and asked the HR managers to

evaluate the extent to which the unit HRM practices are similar to that at the MNC HQ. The final construct comprised the mean perceived similarity across three HRM practice areas: (i) *performance management*, (ii) *training and development*, (iii) and *compensation and rewards* ($\alpha = .76$). Next, to operationalize the level of *internalization* of these practices, we followed the established adoption research (Kostova, 1999; Kostova & Roth, 2002) and adapted the measure of *organizational commitment* (Mowday, Steers, & Porter, 1979). For each of the above HRM practice areas, the GMs reported their agreement with the *potential benefits*, the *need for*, and the *meaning* of practices. Following the results of factor analyses, we aggregated the nine items into a composite measure ($\alpha = .82$).

3.2.2 | Independent variable: Unit HR ambidexterity

We operationalized the concept of unit HR ambidexterity following recent empirical advances in OA research (Birkinshaw & Gupta, 2013; Junni et al., 2013). Based on the theoretical discussion in the earlier sections, we argue that the operational and strategic HRM activities are paradoxical: both task-domains are indispensable to organizations, coexist at all times, and compete for scarce resources, but are also interdependent and complementary (Smith & Lewis, 2011). In turn, the capabilities needed to pursue them are nonsubstitutable so that capabilities in one area cannot offset the lack thereof in the other (Gibson & Birkinshaw, 2004). Thus, we defined the HR departments that possessed high levels of both operational and strategic HRM capabilities as ambidextrous and operationalized unit HR ambidexterity as a multiplicative interaction of operational and strategic HRM capabilities (for a review see Junni et al., 2013).

The constructs of operational and strategic HRM capabilities were based on responses of the unit GMs. GMs are the principal decision-makers and central stakeholders of the HR departments in subsidiaries, and hence are the most relevant evaluators of HRM needs and capabilities of their units. To assess these capabilities, we adapted the measures from Huselid et al. (1997) and Wright, McMahan, Snell, and Gerhart (2001) to the MNC unit setting.

The measure of *operational HRM capabilities* evaluated the level of HR departments' capabilities in *implementing and maintaining the appropriate*: (i) *performance management systems*; (ii) *compensation and rewards systems*; and (iii) *training and development programs* ($\alpha = .74$). The measure of *strategic HRM capabilities* assessed the level of HR departments' capabilities in: (i) *analyzing the environment and its impact on unit HRM*; (ii) *making an explicit effort to align business and HRM strategies*; and (iii) *developing HRM initiatives that contribute to achieving business goals* ($\alpha = .88$).

3.2.3 | Control variables

Corporation

To account for the nested nature of the data and variance at the firm-level, we used a fixed-factor variable for corporation (MNC) in general

linear models (GLM) and 11 binary indicators for each MNC in ordinary least squares (OLS) regression models.

Unit founding method and age

Subsidiaries are founded through either acquisitions or greenfield investments. Greenfield investments often entail replication of the parent's practices, while acquired independent firms tend to retain the established local practices (Rosenzweig & Nohria, 1994). Thus, we controlled for a unit's founding method with a binary indicator (0 = greenfield, and 1 = acquisition). In addition, even for greenfield investments, over time MNC subsidiaries develop resemblance to their environment (*ibid.*) and may also foster inertial tendencies, limiting their ability to learn from the parent firm (Lane & Lubatkin, 1998). Hence, we also controlled for the total number of years since a unit's founding. To reduce right skewness in the data distribution, we used the natural-log transformation of the unit age variable.

Unit mandate

An MNC unit's mandate delimits the scope of its responsibilities and may affect the levels of required capabilities, available resources, and corporate control over HRM in a unit (Bouquet & Birkinshaw, 2008). However, the actual impact of a unit mandate on its HRM practices remains unclear (Belizon et al., 2013). Authors often distinguish between service and manufacturing firms, assuming that retail and service subsidiaries are more oriented toward local workforce and clientele, and thus prioritize local practices (Gamble, 2010). To describe the unit mandate, GMs specified all functions that applied to their units, such as manufacturing, sales, services, and R&D. To control for the potential effects of the unit mandate on the adoption of corporate HRM practices, we used a binary indicator, coding sales, services, and R&D units as "1", while mainly manufacturing units as "0".

Cultural distance

Differences between cultural and institutional profiles of the home and host countries may pressure MNC subsidiaries into localizing HRM practices, significantly affecting the corporate practice adoption (Björkman et al., 2007; Kostova & Roth, 2002). To control for such potential effects, we used the GLOBE project data (House, Hanges, Javidan, Dorfman, & Gupta, 2004) on nine dimensions distinguishing societal practices across cultural contexts, such as future and humane orientation, in-group and institutional collectivism, power distance, and performance orientation. However, because not all countries from our sample were featured in the GLOBE database, we followed the earlier studies (Ahlvik & Björkman, 2015) and replaced the values for the missing countries (Belgium, Chile, Latvia, Norway, and UAE) with values for their most culturally proximate neighbors included in the GLOBE database.

To select the most appropriate cultural proxies, we used additional data on six general dimensions of national cultures (Hofstede, Hofstede, & Minkov, 2010), which included a larger sample of countries. We calculated Euclidean distances between the cultural profiles of countries and identified the following proxy pairs for the countries missing from the GLOBE database: Belgium—France, Chile—El Salvador, Latvia—Estonia, and Norway—Finland. The values for Latvia

and Estonia come from an independent study of Alas and Tuulik (2007). Although no data was available for UAE in either database, the GLOBE database included its neighboring Arabic-speaking countries of Kuwait and Qatar within the Middle Eastern cluster. While there was no statistically significant difference on the results from the inclusion of either country, we selected Qatar as a cultural proxy for UAE due to its comparative geographical proximity.

Having selected the proxies for the missing countries, we used Kogut and Singh's (1988) formula to calculate the cultural distances between the host and home countries of MNC units:

$$CD_j = \sum_{i=1}^9 \left\{ \frac{(I_{ij} - I_{ih})^2}{V_{ij}} \right\} \div 9$$

I_{ij} is the index for the i th cultural dimension of the j th country in the GLOBE database, V_{ij} is the variance of the index of the i th dimension, and h indicates the MNC's home country. Table 2 presents all cultural distances between the host and home countries in our sample.

Formal HQ control

The existing studies emphasize the role of formal control in the adoption of corporate practices in MNC units. On the one hand, the pressure from HQ could facilitate higher *implementation* of HRM practices in subsidiaries in compliance with formal demands (Kostova & Roth, 2002). On the other, it could also hinder the *internalization* of these practices due to the perceived coercion to adopt the practices, regardless of their potential benefits (*ibid.*; Björkman & Lervik, 2007). Hence, to control for the potential effects of formal corporate control over the practice adoption in MNC units, we adapted the measure of formal coordination from Martinez and Jarillo (1989) modified for the HRM context (Mäkelä et al., 2013). The unit HR managers assessed the extent to which corporate HQ enforced *centralization*, *formalization*, *planning*, and *reporting* with respect to the unit's HRM practices, policies, and rules ($\alpha = .79$).

Informal coordination

In addition to formal control, there are informal means of coordination, such as electronic and direct contact among managers from the dispersed units, and in cross-unit teams and committees (Martinez & Jarillo, 1991). Along with the structural tools, informal mechanisms are considered important for knowledge flows between differentiated units (Jansen et al., 2009) and for absorbing complex knowledge (Cohen & Levinthal, 1990), including the replication of HRM practices (Morris et al., 2009). Thus, to control for the level of informal coordination between HR managers in MNC units and those at the corporate HQ, we adapted the measure for *people-based integration in MNCs* (Kim, Park, & Prescott, 2003; Smale, 2008). The composite measure included the unit HR managers' responses to four items ($\alpha = .86$).

HR internalization

Internalization—the belief in and commitment to the goals and value—of corporate HRM practices among unit HR managers could also influence the extent of both their *implementation* and *internalization* by senior

TABLE 2 Cultural distances in the sample ($N = 105$) (House et al., 2004)

Unit location	Number of units	Cultural distance from MNC HQ in:			Cultural cluster
		Finland	Norway	Sweden	
Australia	3	0.83			Anglo
Belgium	3	1.38	1.38		Latin Europe
Brazil	4	1.90	1.90		Latin America
Canada	2	0.94			Anglo
Chile	1	2.98			Latin America
China	13	1.37	1.37	2.84	Confucian Asia
Denmark	3	1.57	1.57	1.36	Nordic Europe
Estonia	2	1.42			Eastern Europe
Finland	2		0.00		Nordic Europe
France	2	1.38			Latin Europe
Germany	10	1.83	1.83	4.56	Germanic Europe
Hong Kong	1			4.96	Confucian Asia
India	3	1.90			Southern Asia
Indonesia	1	1.58			Southern Asia
Israel	1	0.85			Latin Europe
Italy	5	2.23	2.23		Latin Europe
Latvia	2	1.42			Eastern Europe
Malaysia	1		1.35		Southern Asia
Mexico	1	1.83			Latin America
The Netherlands	2	1.20	1.20		Germanic Europe
Poland	3	2.49	2.49		Eastern Europe
Russia	5	4.11	4.11		Eastern Europe
Singapore	1		2.47		Confucian Asia
South Africa	1	1.30			Anglo
Spain	2	2.62	2.62		Latin Europe
Sweden	11	0.84			Nordic Europe
Turkey	1	2.89			Middle East
UAE	2	1.02	1.02		Middle East
UK	8	0.55	0.55	1.80	Anglo
USA	9	1.45	1.45	3.68	Anglo

managers in MNC subsidiaries. In addition to the capabilities of HR departments, which denote their knowledge base, internalization reflects the “intensity of effort” that HR managers are willing to invest in implementing and exploiting HRM practices (Cohen & Levinthal, 1990). It is well established that actors’ abilities and motivation are important determinants of knowledge transfer and learning in MNC units (ibid.; Minbaeva et al., 2003). Hence, to control for the HR managers’ internalization we used the same measure of *organizational commitment* as for GMs (Kostova, 1999; Mowday et al., 1979). Following factor analyses, we aggregated the nine items into a composite construct ($\alpha = .78$).

3.3 | Common method variance

As the measure of *GM internalization*, within the dependent construct of *practice adoption*, and both measures of *HRM capabilities*, within

the predictor construct of *HR ambidexterity*, derive from the same respondents, there is a risk of common method variance (CMV) bias in the results (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). To evaluate the presence of CMV, we used Harman’s single-factor test and then examined the factor structure of the hypothesized model with confirmatory factor analysis (CFA) (Chang, van Witteloostuijn, & Eden, 2010). First, we assessed unrotated loadings of all items comprising constructs of *operational* and *strategic HRM capabilities*, *GM internalization*, and *practice similarity*. The Harman’s test revealed five factors with eigenvalues above 1, none accounting for more than 32% of the variance, indicating that CMV should not be a significant problem in our study (Podsakoff et al., 2003: p. 889).

Next, we compared the item loadings and data fit of the hypothesized four-factor model against the latent common-factor model in CFA. The four-factor model produced a reasonable data fit

($\chi^2_{[127]} = 231.56, p = .000$, incremental fit index (IFI) = .90, Tucker-Lewis index (TLI) = .87, comparative fit index (CFI) = .89, and root mean square error of approximation (RMSEA) = .09), significantly outperforming the common-factor model ($\chi^2_{[132]} = 339.99, p = .000$, IFI = .79, TLI = .75, CFI = .79, RMSEA = .12). All indices of fit approached the .90 threshold and RMSEA of under .10 indicated a fair fit (Pak & Kim, 2016; Steiger, 1990). Further, all items loaded ($p = .000$) on the expected factors with standardized regression weights ranging from .51 to .97 and average of .75. Although we cannot rule out the presence of CMV and endogeneity in our study, the applied *ex post* procedures (Chang et al., 2010) along with the Cronbach's alphas

(all above .70) indicate reasonable construct validity and the lack of significant effects of CMV on the results.

4 | RESULTS

Table 3 reports the descriptive statistics and correlations for the variables used in this article. We expected that correlations between the components of composite constructs of *HR ambidexterity* and *practice adoption* further illuminate their conceptual nature and enable empirical validation. As theorized, high correlation ($r = .62; p = .000$)

TABLE 3 Means, standard deviations, and Pearson correlations

Variables	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12
Controls														
1. Unit age ln	3.07	.90												
2. Unit founding method ^a	.55	.50	.07											
3. Unit mandate ^b	.47	.50	.10	-.12										
4. Cultural distance	1.66	.95	-.09	-.16	-.00									
5. Formal HQ control over unit HRM ^c	4.55	1.25	.04	-.08	.03	.00								
6. Informal coordination ^c	4.00	1.59	-.06	.05	-.15	.00	.31**							
7. HR internalization of unit practices ^c	5.56	.77	-.05	-.04	.16+	.22*	.22*	.03						
HR ambidexterity components														
8. Operational HRM capabilities ^d	4.89	1.07	.15	.07	.07	-.02	.06	.13	.03					
9. Strategic HRM capabilities ^d	4.62	1.22	.02	.05	.00	-.00	.04	.08	.10	.62***				
Practice adoption components														
10. Practice similarity to HQ ^c	5.16	1.13	.06	-.36***	.30**	.06	.41***	.20*	.23*	.18+	.26**			
11. GM internalization of unit practices ^d	5.33	0.85	.11	.07	.08	-.07	.08	.17+	.25*	.52***	.44***	.10		
Predictor and dependent variables														
12. Unit HR ambidexterity	23.40	9.29	.09	.07	.04	.02	.08	.12	.08	.87***	.91***	.25*	.50***	
13. Unit practice adoption	27.60	7.75	.13	-.25*	.28**	.01	.38***	.26**	.29**	.43***	.43***	.83***	.63***	.47***

Note: N = 105 subsidiaries from 12 MNCs; + $p < .10$; * $p < .05$; ** $p < .01$; *** $p < .001$.

^aUnit founding method: 0 = greenfield; 1 = acquisition.

^bUnit mandate: 0 = other; 1 = sales and services.

^cResponses provided by HR managers.

^dResponses provided by general managers.

between the *operational* (mean = 4.89) and *strategic HRM capabilities* (mean = 4.62), comprising the *HR ambidexterity*, indicates that an HR departments' capabilities are interrelated, complementary, and indeed can be developed to high extent at the same time (see Gibson & Birkinshaw, 2004).

In contrast, lack of correlation between *practice similarity to HQ* and *GM internalization* of unit practices suggests that mere *implementation*—acquisition and assimilation—of corporate HRM practices does not guarantee the *internalization*—transformation and exploitation—of these practices in MNC units (Kostova & Roth, 2002; Zahra & George, 2002). GMs might not even be aware of the corporate practice transfer intentions nor be concerned with the extent to which practices in their units are similar to those at the HQ (Mäkelä et al., 2013). However, GMs possess first-hand experience of the *realized* HRM practices, are their central evaluators (ibid.; Wright & Nishii, 2007), and thus are likely to internalize HRM practices they consider effective and valuable for their units regardless of their origin (e.g., Ansari et al., 2014; Gamble, 2010).

Further, weak correlations between both domains of *HRM capabilities* and *unit practice similarity to HQ* (mean = 5.16) reveal limited impact of unit HR departments, which tend to have little autonomy in Nordic MNCs (Belizon et al., 2013), on *implementation* of corporate practices in subsidiaries. Although, *strategic HRM capabilities* ($r = .26$; $p = .009$) have a more significant effect on implementation than *operational* ($r = .19$; $p = .059$). These results imply that, alone, the PAC of HR departments—the capacity to acquire and assimilate practices—has limited, though statistically significant, role in the *implementation* of corporate HRM practices in MNC units. In contrast, correlations between the *operational* ($r = .52$; $p = .000$) and *strategic* ($r = .44$; $p = .000$) *HRM capabilities* and *GM internalization* of unit practices

(mean = 5.33) are highly significant. This implies that the RAC of HR departments—the capacity to transform and exploit the acquired practices for a unit's benefit—plays a pivotal role in *internalization* of corporate HRM practices among central decision makers in MNC subsidiaries.

As for the control variables, there are significant correlations between *practice similarity to HQ* and *formal HQ control* ($r = .41$; $p = .000$), *informal coordination* ($r = .20$; $p = .039$), and *HR internalization* of unit practices ($r = .23$; $p = .011$). As expected, formal means of corporate control and informal coordination among managers (Martinez & Jarillo, 1991; Smale, 2008) are both important for global integration and replication of corporate HRM practices. The motivation of local actors (Minbaeva et al., 2003) also contributes to *implementation* of these practices in MNC subsidiaries. In addition, correlation between *HR* and *GM internalization* of unit practices ($r = .25$; $p = .011$) highlights the agency of subsidiary HR managers in aligning the transferred practices with the unit goals and fostering commitment to these practices among senior managers (Björkman et al., 2011). The data also suggests that HRM practices in *acquired* subsidiaries tend to be less similar to the corporate ones ($r = -.36$; $p = .000$) (Rosenzweig & Nohria, 1994).

In turn, somewhat surprising is the lack of correlation between *cultural distance* (CD) (mean = 1.66; SD = .95) and the degree of *practice similarity to HQ* as we expected a negative relationship. One reason for that might be the relative homogeneity of our sample, despite our efforts to reduce it. Eleven out of twelve MNCs had the same values on cultural dimensions for their HQ location (in Finland and Norway) (Hofstede et al., 2010; House et al., 2004) and 53 out of 105 units were located in European clusters, 23 in a culturally proximate Anglo cluster, and 29 were spread across Asia, Latin America,

TABLE 4 Regression results

Variables	Model 1. Controls only			Model 2. Full model		
	β	p	Effect size ηp^2	β	p	Effect size ηp^2
Controls						
Corporation (fixed factor) ^a		.244	.14		.039	.21
Unit age ln	.15	.162	.02	.11	.204	.02
Unit founding method	-.14	.152	.02	-.13	.116	.03
Unit mandate	.20	.040	.05	.17	.039	.05
Cultural distance	-.15	.124	.03	-.12	.137	.03
Formal HQ control over unit HRM	.19	.075	.04	.17	.058	.04
Informal coordination	.27	.009	.08	.21	.016	.07
HR internalization	.22	.036	.05	.19	.026	.06
Independent variable:						
Unit HR ambidexterity = operational HRM capabilities × strategic HRM capabilities				.44	.000	.31
	Adjusted R^2	p	F	Adjusted R^2	p	F
Corporation ^a	.16	.244	1.29	.16	.039	2.00
Full model	.32	.000	3.48	.53	.000	7.22

Note: DV: Unit Practice Adoption = GM Internalization × Unit Practice Similarity to HQ.

^aCorporation is used as a fixed factor in GLM models and as 11 binary variables in OLS models to account for potential MNC-level effects.

and the Middle East. Moreover, there is evidence of complex and competing institutional forces and a growing global convergence of HRM practices that the existing measures often fail to capture (Edwards et al., 2016; Pudelko & Harzing, 2007). Thus, we are wary of making significant inferences about cultural influences from our sample.

In addition contrary to expectation, there is a positive correlation between the *sales and services unit mandates*, often associated with localized practices (Gamble, 2010; Mäkelä et al., 2013), and the *practice similarity to HQ* ($r = .30$; $p = .002$). It is possible that these units represent global industries and emphasize integration of HRM practices (Rosenzweig & Nohria, 1994) and/or that they lack power to negotiate their practices with HQ (Belizon et al., 2013). For instance, negative correlation between *sales and services mandate* and a natural log of *unit size* ($r = -.26$, $p = .007$) conducted post-hoc suggests that these units tend to be smaller and thus are likely to have a less strategic role and standing in negotiating their practices with HQ (Bouquet & Birkinshaw, 2008).

Moving to the OLS and GLM regression results in Table 4, both the baseline Model 1 and full Model 2 are significant ($p = .000$). In Model 1 ($adj. R^2 = .32$), *informal coordination* ($\beta = .27$; $p = .009$), *HR internalization* ($\beta = .22$; $p = .036$), and *unit mandate* ($\beta = .20$; $p = .040$) have significant positive effects on practice adoption. In turn, in support of our single hypothesis, Model 2 ($adj. R^2 = .53$) indicates that *HR ambidexterity*, modeled as a multiplicative interaction of *operational* and *strategic HRM capabilities*, is a crucial predictor ($\beta = .45$, $p = .000$; $\eta^2 p^2 = .31$) of HRM practice adoption in subsidiaries. It is also worth noting that variable *corporation* had a significant effect ($\eta^2 p^2 = .21$, $p = .039$) in Model 2, suggesting that around 21% of variance in the levels of practice adoption in the final model is attributable to the MNC-level characteristics.

5 | DISCUSSION

5.1 | Theoretical contribution and implications

Our results underscore the importance of the concurrent development of both operational and strategic capabilities of HR departments for the adoption of corporate HRM practices in MNC subsidiaries. Hence, the central contribution of this article is in leveraging paradox theorizing to (re-)define the nature of HRM capabilities and explain the conceptual mechanism linking them to the dimensions of practice adoption. To that end, we integrate and advance research on HRM practice transfer, OA, and AC.

First, this article answers the calls to examine the effects of the recipient unit capabilities on corporate practice adoption, contributing to literature on practice transfer in MNCs (Kostova & Roth, 2002; Morris & Snell, 2011). Though scarce, the existing research on adoption effects of HRM capabilities has studied them in separation, focusing on either *operational* (e.g., Ahlvik & Björkman, 2015) or *strategic* (e.g., Björkman et al., 2011) capabilities. The operational–strategic tension is at the core of HRM research and practice (see

Brockbank, 1999; Keegan et al., 2017), treated for decades as a conflict to be resolved (Beer, 1997; Sheehan et al., 2014). This has led to a split between the operational and strategic HRM capabilities—at times described as separation of “thinking from doing” (Reilly, Tamkin, & Broughton, 2007: p. 40)—and a belief that the latter is superior to the former, often detrimental to the HR function (see Caldwell, 2003).

In contrast, we argue that the operational and strategic HRM activities are paradoxical—competing but also interdependent and complementary (Smith & Lewis, 2011)—and (re-)define them in terms of the paradoxical modes of learning: *exploitation* and *exploration* (March, 1991). In doing so, we advance the debate concerning the nature of competing HRM tasks (Caldwell, 2003; Keegan et al., 2017) and suggest that capabilities in these activities require concurrent development and should be examined in combination. In turn, we introduce the concept of *HR ambidexterity* to describe HR departments that pursue a “both/and” approach and develop capabilities in both operational and strategic HRM domains. The empirical results support the assumption of interdependence and complementarity of HRM capabilities, demonstrating that HR ambidexterity is both possible and beneficial.

To link HRM capabilities to practice adoption, some studies have cited AC in a general argument that existing capabilities facilitate the absorption of new knowledge (e.g., Ahlvik & Björkman, 2015; Björkman & Lervik, 2007). However, both *practice adoption* and AC require specification of their multiple dimensions and mechanisms (Kostova, 1999; Zhou et al., 2020). Hence, we theorize that the operational and strategic HRM capabilities constitute the *potential* and *realized* AC of HR departments, which, in turn, underpin the adoption—*implementation* and *internalization*—of HRM practices. Because AC is a function of existing related capabilities, we posit that ambidextrous HR departments are more adept at adopting the HRM practices. Based on the contextual mode of ambidexterity (Gibson & Birkinshaw, 2004), the empirical analysis demonstrates that HR ambidexterity (the multiplicative interaction of *operational* and *strategic* HRM capabilities) facilitates the adoption (the multiplicative interaction of *implementation* and *internalization*) of corporate HRM practices in MNC units.

Second, this article establishes a common conceptual foundation for research into learning paradoxes and ‘both/and’ solutions in HRM, OA, and AC literature. The concepts of OA and AC have received extensive attention in the HRM field over the past two decades. Earlier research on HRM practices and knowledge transfer (Minbaeva, 2005; Minbaeva et al., 2003) has laid down a groundwork for integrating the organizational learning and HRM studies. More recent work (see Caligiuri, 2014; Chang, Gong, Way, & Jia, 2013; Cunha, Gomes, Mellahi, Miner, & Rego, 2020) has applied the AC, OA, and paradox lenses to further examine complex linkages between HRM practices, learning processes, and important outcomes, such as agility and innovation. However, this work is often limited to treating HRM as an *antecedent* of organizational learning (see Junni et al., 2015) and seldom considers an HR department *itself* as subject to learning tensions.

Though some studies have begun addressing this oversight (see Hansen, Güttel, & Swart, 2017; Huang & Kim, 2013; Keegan et al., 2017), this research remains fragmented and our article further grounds the concepts of HRM tensions in the established paradox theories. We treat exploitation and exploration as an overarching *learning paradox* that spurs nested tensions across organizational levels and functions, whereas *ambidexterity* is a means to manage these tensions (Andriopoulos & Lewis, 2009; Malik, Sinha, et al., 2019). In response to Lavie et al.'s (2010) call for conceptual precision and consistency, we establish clear links between the operational–strategic tension—a manifestation of the learning paradox in HRM—and March's (1991) definitions of exploitative and explorative activities and returns. This allows us to draw on the OA concept, while preserving its distinctiveness, to explain the learning tension in HRM, but also to link that tension to other concepts in organizational learning, such as the AC.

5.2 | Practical implications

This research also offers several implications for practice of HRM. First, our results highlight the paradoxical nature of HRM activities—which involve distinct expertise, compete for resources, but are also interdependent and nonsubstitutable—and the need for the concurrent development of capabilities in both operational and strategic HRM domains. Such capabilities constitute the HR departments' capacities to absorb valuable external knowledge and practices, and thus are complementary and demand concurrent attention. Cohen and Levinthal (1990) note that learning requires both depth and breadth of expertise, while a lack of investment into an area of expertise at the outset may prevent the development of capabilities in that area. These insights contribute to the debate about the competing tasks and roles of HR departments, contesting the normative preoccupation with strategic agenda at the expense of the operational expertise (see Beer, 1997; Caldwell, 2003; Keegan et al., 2017; Teo & Rodwell, 2007).

Second, our results support the contextual mode of ambidexterity at the business-unit and departmental levels (Gibson & Birkinshaw, 2004), highlighting the role of internal context in the concurrent pursuit of competing capabilities (Malik, Pereira, & Tarba, 2019). While the organization of corporate and unit HR departments, which likely differs across MNCs (see Keegan et al., 2017), is outside the scope of this article, it is reasonable to assume the complementarities of structural and contextual solutions in the transfer of corporate HRM practices. As Kauppila (2010: 286) argues, the existing literature on contextual ambidexterity comes short in that “it does not really consider how a firm can simultaneously conduct radical forms of exploration and exploitation. It simply assumes that exploratory knowledge is produced somewhere and is available for use”. Hence, he claims, firms should look to augment limited internal capacities for exploitation and exploration through structural solutions such as interorganizational partnerships (ibid.).

This logic also applies to managing the learning and organizing paradoxes in MNCs. Unlike autonomous firms that need partnerships to expand their capacities (Kauppila, 2010), MNC units can augment internal capabilities with knowledge from the parent organization. The international HRM literature discusses a range of specialized structural solutions, such as shared services and centers of expertise that can support the exploitative and exploratory efforts of HR departments at the global, regional, and local levels (e.g., Evans et al., 2011). Thus, MNCs might pursue moderate levels of contextual ambidexterity in local units (Malik, Sinha, et al., 2019) to foster capabilities sufficient for absorbing new knowledge from HQ and specialized units. In turn, HQ may integrate and coordinate the knowledge flows to augment the capabilities of their units via structural solutions. Our empirical observation that, alongside unit's capabilities, *formal HQ control* facilitates practice adoption in MNC subsidiaries supports this assertion.

Finally, weak observed correlations between *HRM capabilities* and *practice similarity to HQ* suggest that unit HR departments may have little control over the corporate practice transfer decisions. However, more significant *strategic capabilities* might allow them to negotiate and align corporate intentions with local needs, but also to learn potentially more sophisticated HRM practices (Ahlvik, Smale, & Sumelius, 2016; Björkman & Lervik, 2007). At the same time, high correlations between *GM internalization* of unit practices and both domains of *HRM capabilities* indicate that despite limited control over their transfer, unit HR departments play a pivotal role in adapting and exploiting corporate HRM practices (Mäkelä et al., 2013; Morris & Snell, 2011). In turn, high correlation between *operational HRM capabilities* and *GM internalization* implies that expertise in implementation and maintenance of HRM practices is crucial to fostering managerial commitment and thus is a source of influence and strategic involvement for HR practitioners and their department (see Aldrich et al., 2014; Teo & Rodwell, 2007).

5.3 | Limitations and suggestions for future research

To consider the validity and implications of this research, it is also important to point out several limitations. First, our study was based on a relatively small and homogenous sample, and future research is invited to re-examine the observed effects in a larger and more diverse set of MNCs and their subsidiaries. Second, while the constructs comprising the HR ambidexterity and HRM practice adoption are based on established measures, new measures could better account for the exploitative and explorative HRM capabilities theorized in this article. Future constructs of HRM capabilities could be based on the proposed measures of exploitation and exploration (e.g., Jansen et al., 2009) adapted to the HRM context. Similarly, a future measure of practice adoption could more closely reflect the recent advances in AC research (e.g., Song et al., 2018) to better account for HRM activities involved in the acquisition, assimilation, transformation, and exploitation of HRM practices.

Although GMs are the principal decision makers and stakeholders of HR departments, their evaluations of HRM capabilities are subjective and might reflect individual and systemic biases (e.g., Denrell, Arvidsson, & Zander, 2004). Similarly, the level of corporate practice implementation as perceived by unit HR managers is likely to depart from the corporate transfer intentions (Ahlvik et al., 2016). We also recognize that despite following earlier research on HRM capabilities and practice adoption (Ahlvik & Björkman, 2015; Mäkelä et al., 2013), we cannot rule out the effects of CMV and endogeneity. To lessen these concerns, we used multiple respondents and *ex post* methods for CMV detection (Chang et al., 2010). However, given cross-sectional design and lack of a priori markers, we could not further estimate the effects of CMV (Williams, Hartman, & Cavazotte, 2010) and endogeneity (Abdallah, Goergen, & O'Sullivan, 2015). Future research should minimize these risks through longitudinal and multilevel designs and use of "ideal" markers (Williams et al., 2010).

In addition, our study did not pay enough attention to exploring potential industry effects on the examined relationships. We did, however, control for the types of unit mandates, likely related to industry, following the assumption that retail and services subsidiaries, as opposed to manufacturing units, tend to be more oriented toward the local workforce and customers and thus prioritize local practices (Gamble, 2010). However, as discussed in the results section, we found the opposite, perhaps reflecting the smaller size and importance of the sales units. Hence, the roles of unit mandate and industry in practice adoption deserve future attention.

There is a great scope for future research to produce qualitative insights into the praxis of exploration and exploitation as actors translate and re-embed HRM practices from different parts of organizations across institutional and cultural contexts (e.g., Gherardi & Nicolini, 2000; Malik et al., 2019, b). To further our understanding of the nature and potential responses to paradoxes, future studies could also consider the impact of professional, cultural, and linguistic boundaries on both formal and informal mechanisms of knowledge sharing (Smith, Erez, Jarvenpaa, Lewis, & Tracey, 2017). This also pertains to the essential role of line managers in implementing and enacting HRM practices, and in managing associated paradoxes (Fu, Flood, Rousseau, & Morris, 2020). While we focused on HR departments as the central actors in the more technical aspects of practice adoption, it would be of great benefit to consider a wider range of HR stakeholders in these processes (e.g., Keegan, Huemann, & Turner, 2012).

As research attention expands to lower levels of organizations, there is increasing interest in microfoundations of practice transfer and the critical role of individuals in AC and ambidexterity (e.g., Minbaeva, Pedersen, Björkman, & Fey, 2014; Volberda, Foss, & Lyles, 2010). Recent studies call for complexity in conceptualizing and studying paradoxes to account for their nested and dynamic nature; examine cultural, emotional, and cognitive aspects; and eventually move beyond dualities to more complex relationships (Smith et al., 2017). Tensions and dualities have long defined the HRM research and practice (Boselie, Brewster, & Paauwe, 2009; Evans, 1999), and it is not unreasonable to suggest that the work of the HR function and its practitioners are particularly prone to them.

However, paradox theorizing in HRM is still in its inception and we believe that our work provides important insights into some of the fundamental HRM tensions and the potential approaches to studying and managing them.

6 | CONCLUSION

For decades scholars have stressed the pervasiveness and persistence of paradoxical tensions in organizations and their activities (see Cameron & Quinn, 1988; Smith & Lewis, 2011). The HR department, operating at the interface of other functional areas and dealing with the most unique and complex of an organizations' "resources"—people—has been historically prone to tensions and competing demands (Aust, Brandl, & Keegan, 2015; Boselie et al., 2009). However, despite the observations of paradox studies that tensions are endemic and essential to firms' survival, HRM research has seldom applied the paradox lens to study the nature and management of competing demands (Evans, 1999; Keegan et al., 2017). Our article addresses this shortcoming and leverages paradox theorizing to examine the paradox of learning inherent in a central task of HR departments in MNC subsidiaries—the adoption of corporate HRM practices.

Paradox theorizing provides a metatheoretical framework that relates the distinct context- and phenomena-specific theories of paradoxical tensions, allowing them to inform one another. In this article, we argued that the learning paradox in HRM is manifest in the tension between the operational (exploitative) and strategic (explorative) HRM activities. To examine this paradox, we integrated the studies of practice transfer, OA, and AC. In doing so, we answered recent calls to study the complexities of HRM practice transfer (Chiang et al., 2017; Zhou et al., 2020), the nature of operational and strategic HRM tasks (Caldwell, 2003; Keegan et al., 2017), and the effects of capabilities on practice adoption in MNC units (Kostova & Roth, 2002; Morris & Snell, 2011). We believe that this article opens new avenues for integrating the HRM, OA, and AC studies in search of novel insights into the nature and management of tensions in HRM and beyond.

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ENDNOTE

¹ Other things being equal, we recognize that some subsidiaries might have practices similar to that of HQ without substantive transfer due to similarities in their institutional contexts. We control for these potential influences—cultural distance—in statistical analyses.

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APPENDIX A.: Items and Cronbach's alphas for all scales used in the study

Variables	Observed items	Response scale
Formal HQ control over unit HRM Alpha = .79 <i>Respondent: HR manager</i>	<i>Please indicate the level of influence corporate headquarters has over HRM in your unit:</i> HQ places emphasis on standardized HRM processes and procedures HQ enforces formalized HRM rules and policies HQ uses reporting systems to continuously evaluate this unit's HR performance (e.g. in areas such as staff turnover, employee satisfaction and workforce diversity) HQ is involved in HR planning for this unit (i.e. decisions on unit resourcing and goal setting)	1 = not at all 7 = to a great extent
Informal coordination Alpha = .86 <i>Respondent: HR manager</i>	<i>To what extent do you agree with the following statements:</i> Managers from our unit and corporate HR have frequent face-to-face meetings together Managers from our unit and corporate HR have frequent email contact with each other Managers from our unit and corporate HR have frequent telephone / video-conference contact with each other Managers from our unit frequently participate in committees/project teams/communities of practice involving people from corporate HR	1 = do not agree 7 = agree entirely
HR internalization Alpha = .78 <i>Respondent: HR manager</i>	<i>For each HRM practice area: (i) performance management, (ii) training and development, and (iii) compensation and rewards</i> <i>Please state your level of agreement on the following statements:</i> The potential benefits of the current [HRM practice] for the company are clearly worth the investment in time and resources	1 = do not agree 7 = agree entirely
GM internalization Alpha = .82 <i>Respondent: general manager</i>	I am convinced we need the current [HRM practice] in our unit I often find it difficult to agree with what the current [HRM practice] suggest (reverse-scored)	
Practice similarity to HQ Alpha = .76 <i>Respondent: HR manager</i>	<i>To what extent do you perceive that the current HRM practices for managers and key professionals in your unit are similar to the ones used in corporate headquarters?</i> Performance management Training and development Compensation and rewards	1 = very different 7 = very similar
Operational HRM capabilities Alpha = .74 <i>Respondent: general manager</i>	<i>How would you rate the current capabilities of the HR department in your unit in performing the following?</i> Implementing and maintaining appropriate: Performance management systems Training and development programs Compensation and rewards systems	1 = poor 7 = excellent
Strategic HRM capabilities Alpha = .88 <i>Respondent: general manager</i>	<i>How would you rate the current capabilities of the HR department in your unit in performing the following?</i> Analysing the environment and its impact on unit HRM Making an explicit effort to align business and HRM strategies Developing HRM initiatives that contribute to achieving business goals	1 = poor 7 = excellent