Expatriate management of Emerging Market Multinational Enterprises:
Influence of informal institutional environment on expatriate effectiveness with the case of Chinese MNEs

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With this Master thesis we complete our studies at Uppsala University. It has been an incredible experience for two of us. We believe that this thesis would be a great end to our master studies in Uppsala. Here we would like to gratefully acknowledge all the people who helped us complete this thesis.

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Abstract

In face of the rapid globalization, more and more emerging market MNEs (EMNEs) are assigning expatriates to establish and manage overseas tasks in order to gain the competitive advantages in global markets. Consequently, the issue of expatriate management within the context of EMNEs has become an important concern in the field of IHRM.

The purpose of the thesis is to delineate how expatriate management of Chinese MNEs that shaped by unique Chinese informal institutional environment may impact upon the expatriate effectiveness (work adjustment and job performance) in foreign countries. The thesis uses a qualitative research and collects empirical data from 11 Chinese expatriates working in 3 different Chinese MNEs’ Nordic divisions.

The empirical results reveal the fact that Harmony is positively related to work adjustment through indoctrinating the specific corporate value, Group Orientation (family attachment) has positive relationship with job performance, Top-down control has negative relationship with work adjustment because of the hierarchy pressure, and Guanxi has no link with expatriate effectiveness under the given regulations and staffing policies. In the context of EMNEs, the influences of four different informal institutional factors are able to intervene the IHRM practices so as to increase or decrease the expatriate effectiveness.

Keywords: IHRM, Expatriate Management, Emerging MNEs, China, Institutional Factors, Expatriate Effectiveness.
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1. Introduction

This thesis focuses on the expatriate management of Chinese MNEs and how unique Chinese informal institutional factors influence the expatriate effectiveness. Expatriation, in terms of the Dictionary of Human Resource Management (2001, p. 120), is “the process of sending managers to another country to run a subsidiary of the multinational organization”. Due to the globalization of businesses and markets, more and more international firms are assigning increasing numbers of managers to fulfill overseas assignments and develop competitive advantages (Guzzo, Noonan & Elron, 1994). Cumulatively, expatriation has become an important concern of international business activities (Koveshnikov, Wechtler & Dejoux, 2014). According to a report studying expatriation, the number of expatriates from multinational enterprises (MNEs) globally has nearly doubled between 2005 and 2008 (Mercer, 2010). Expatriate management has drawn increasingly attention in the field of International Human Resources Management (IHRM) (Evans, Pucik & Barsoux, 2002).

However, the expatriate work performance is challenged by the environmental differences between home and host countries of expatriates. Cohen (1977) state that the strangeness of new cultural and environmental settings has a great influence on the expatriate’s experience. Hence, in order to make an assignment function well in a host country, the expatriate and the firm both have to be well structured in their efforts to overcome the challenges of strangeness. As for concrete IHRM practice, that can help the expatriate resolve the problems of foreignness and promote the work efficiency, McEvoy and Buller (2013) mention that it could entail different aspects such as recruitment and selection, training, compensation, and repatriation. However, empirical research has primarily been concerned with focusing on developed country MNEs (DMNEs) and their challenges (Zhong, Zhu & Zhang., 2015; Zhu, Cieri, Fan & Zhang, 2014) related to the difficulties of different stages of expatriation: (e.g., staffing policies (Harvey, Speier & Novecevic, 2001), selection and training (Selmer, 2006; Stone, 2010).
DMNEs are normally considered as the majority of MNEs that cope with expatriate management, as they usually had more time to operate globally compared to MNEs from developing countries. As a result, a lot researches on expatriate management focus on DMNEs and their challenges related to expatriate management (Harvey et al., 2001). For instance, agency theory, as one of noted theories in the field of IHRM, has well interpreted expatriate management practices in the context of DMNEs. However, considering that the EMNEs are likely to use an ethnocentric attitude (Perlmutter, 1969) towards international assignments, the agency theory may be disconfirmed in those EMNEs. Similarly, many other extant theories raised on the basis of the context of DMNEs may also not be applicable to the context of EMNEs, therefore little is known of well-accepted theories in respect of EMNEs in the field of IHRM (Zhu et al., 2014).

Furthermore, as for emerging markets MNEs (EMNEs), it may be difficult for them to indiscriminately imitate the expatriate management practices of DMNEs in dealing with the foreignness of different cultural and environmental settings of host countries. Zheng (2013) states that the different contexts, values and national cultural norms of host countries tend to influence the design and delivery of corporate IHRM practices and policies, which may create additional challenges to HRM professionals in EMNEs who relatively have less internationalization experiences compared with DMNEs, as the different expatriation management practices tend to be applicable in different contexts. Additionally, in light of the different institutional factors including cultural beliefs, social norms and governmental regulations (Scott, 1995) among home and host countries, the IHRM practices and policies conducted by MNEs tend to be shaped by the certain institutional settings of the home country. For instance, some EMNEs (e.g. China, Japan) tend to have their preferred staffing policy which is assigning expatriates to fulfil international tasks even if the host countries already have well developed infrastructures, local business skills and qualified local personnel (e.g. USA, UK, Nordic countries) (Gong, 2003). Conclusively, the lack of studies have made the research of managing expatriates in EMNEs imperative (Luo and Tung, 2007), and the
particularities of EMNEs with focusing on informal institutional factors may also help us discover more knowledge about IHRM theory and practices.

Furthermore, as discussed earlier, conducting an international assignment is full of difficulties, meanwhile it is usually very costly. According to Black and Gregersen (1999), the investment is on average as high as two to three times that of an equivalent position stated by a non-expatriate in domestic country, which may cost parent firms $300,000 to $1 million annually for fully loaded expatriate packages. The expense could end up much more when moving focus onto EMNEs, since they relatively have short expatriate history and have not accumulated a lot at experienced international managers in taking charge of expatriate management (Zhong et al., 2015). Hence, considering the magnitude of this investment, an effective expatriation process that may positively influence the return on expatriate investment seems become an important issue for practitioners as well as for researchers to consider. When expatriates have adjusted well to new environments: both work and non-work environments, their job performance happens to be more efficient (Black & Mendenhall, 1991) and thereby facilitate the returns of the expatriate assignments. The highly return is able to offset the investment costs and accomplish an international assignment worth the huge investment. As a consequence, ensuring how the expatriates work effectively and guarantee improved performance (i.e. their work effectiveness) during the international assignment has become a significant problem for the companies. In light of this situation, we will therefore incorporate the research gap regarding emerging context, and then aim at depicting how the managerial practises shaped by specific institutional environment influence the expatriate effectiveness in the context of EMNEs. To address the problem, we refer to the study of Harrison, Shaffer and Bhaskar (2004) and Harrison, Gregersen, Black and Ferzandi (2006), using work adjustment and job performance as the two most important predictors of the expatriate effectiveness. So for that, a specific research question is formulated as following:
How do managerial practices shaped by institutional environments influence the expatriate effectiveness (work adjustment and job performance) in the context of EMNEs?

According to United Nation Conference Trade and Development (2015), China, India and Indonesia were considered as the three largest emerging economies in Asian. Jain (2006) even regarded China as the largest economy out of all emerging markets. As representative of emerging markets, China’s economy is developing rapidly and has promoted numerous Chinese multinational firms enlarge their outward foreign direct investment (FDI). National Data (National Bureau of Statistics of China, 2016) shows that in 2014, the net amount of China’s FDI is around $123 billion, which was ranked the second largest investor, behind the USA (United Nation Conference Trade and Development, 2015). As a result, more and more Chinese nationals are assigned to work abroad as expatriates due to the business needs. However, on the contrary to the ample research studies regarding expatriate effectiveness in the respect of DMNEs, the research on EMNEs, especially Chinese MNEs (Zhu et al., 2014) is understudied, which indicated that the research gap concerned with EMNEs could be narrowed down to more specific context. Additionally, Chinese particular informal institutional factors that heavily influenced by Confucianism are fairly different from other cultural settings, and represented a typical Asian informal institution (Hooker, 2009). In this case, we decide to choose Chinese MNEs as representative of EMNEs for addressing the problem.

The purpose of this thesis is therefore to delineate a framework that analyzes the managerial interventions on expatriate effectiveness in the specific context relevant to Chinese MNEs from the perspective of informal institutional theory. Although paying a close attention to China limits the general applicability of the result in other emerging markets, as China’s context specialty concerning such as harmony, group orientations, reliance top-down instructions and Guanxi (Li & Nesbit, 2014), the focus brings one step further to more accurate and realistic understanding of the expatriate management from a country specific perspective, which could be addressed the research gap regarding EMNEs and contributed to growing IHRM literatures. Additionally, with referring the established theory of the thesis
with a focus on the relationship with the informal institutional factors and the management of expatriate performance, the enterprises are able to get rid of the negative influence of using managerial practices that shaped by certain informal institutions so as to enhance the expatriate effectiveness.

The following section starts with a literature review which includes the general framework of expatriate management, the theoretical explanation of expatriate effectiveness (work adjustment and job performance), as well as the introduction to the relationship among the institutional factors and the expatriate effectiveness. Then a description of the research methodology is followed. It shows that the thesis employs the qualitative interviews and deductive reasoning to draw the conclusion, which can help us access to in-depth insight about how Chinese MNEs manage the expatriate assignments overseas in regard to the influence of Chinese specific national culture. The empirical findings illustrate the results of the interview from the four institutional factors. In discussion part, the results are also deductively analyzed through four aspects. Lastly, conclusion containing contributions, limitations as well as future research are given at the end of the thesis.
2. Theoretical Background

2.1 Expatriate Management

Expatriation is considered as a process from the perspective of international human resource management (IHRM). Normally, this process can be divided as a set of phases: selecting expatriates, preparing and orienting them, adjusting to the expatriate role, managing the performance of expatriates, compensation and repatriation. They are separated phases but closely linked (Evans et al., 2002). Each phase is significantly important to the overall expatriation process.

To make sure that appropriate candidates are listed and selected for particular international assignment through assessment tools is the essential concern in selection phase. Normally, technical skills at work is the primary criterion as specific business needs. However, many scholars share same view that it is not sufficient to solely consider the technical expertise and domestic track record when selecting candidates, some “softer factors” should also be taken into account, such as cross-cultural ability and personality. And this would increase the probability of assignment success (Evans et al., 2002; Black & Gregersen, 1999).
Nevertheless, there is not a universal way for conducting the selecting process, and the assessment methods vary from company to company. For example, HR managers may have a candidate in mind who approached to them and showed great interest in the assignment (McEvoy & Buller, 2013).

In the preparing phase, training and predeparture orientation are often required for expatriates to acquire familiarity of the assignment as well as host country environment (Evans et al., 2002). Not only by books, videos and case studies, the training forms but also include culture briefings and cross-cultural simulations. Some companies prefer to have systematic training programs for expatriates to get familiar with the culture, environment and language in host countries, while some keep the predeparture training brief and practical for avoiding stereotypes. Although companies have their own way to proceed with the training sessions
that may have different content and schedule, training before departure is considered to be a helpful commitment to the assignment from the home company. Additionally, many researchers note the importance of cross-cultural issues that are explained and discussed in the training, as they have noticed the influence of culture distance (Black, Mendenhall & Oddou, 1991; Chen, Kirkman, Kim, Farh & Tangirala, 2010; Dowling, Festing & Engle, 2008). However, some researchers find out the fact that few expatriates (and their spouses) show interest in these training programs; or they, especially the executives, are too busy to attend these programs (Evans et al., 2002; McEvoy & Buller, 2013).

It is necessary to adjust one’s mind to a new setting when he/ she is sent to an unfamiliar environment. Speaking of the adjustment to a new culture, Lysgaard’s (1955) well-known U-curve of cultural adjustment theory has made clear explanation to it. There are four phases in a process when one learns to adjust to new culture: honeymoon, culture shock, adjustment and mastery. This shows the process when a person perceives of excitement at the beginning and then experiences downswing of the culture shock phase, and eventually gets upswing of adaptation and mastery. As Lysgaard (1955) states, it may take more than 1 year to finish the entire process and completely get involved into the new environment. Some scholars divide the cross-cultural adjustment into three dimensions: adjustment to the work, adjustment to the general environment, and adjustment to interaction with local nationals (Black et al., 1991; Shaffer, Harrison & Gilley, 1999). Apparently, these are the challenges that expatriates would be dealing with by themselves, depending on their own personality.

A useful tool for international human resource managers (IHR managers) to manage expatriation is appraising expatriate performance, as it is a good approach for assessing past performance and setting development goals for the future (Evans et al., 2002). MNEs usually have standard systems for evaluation; nevertheless, assessments may differ due to the local setting and the tension between global and local. Also, who is in charge of the appraisal might be a problem in the performance assessment, as HR managers from home office might be lack of international experience and are far away from local. Moreover, as Evans et al. (2002) state,
the extent that local employees can influence the appraisal of the expatriate would be a factor impacting on the expatriate management as well as the relationship with local nationals.

Compensation is considered to be one of the factors that determine the expatriate’s intention to accept the international assignment (Evans et al., 2002). Many MNEs have developed elaborate compensation systems for expatriates. Reynolds’s (1995) research showed a set of compensation systems with distinguished basis are utilized by different companies, such as “Lump-sum approaches” and “Cafeteria approaches”. The criteria and standards for compensation might vary, but the compensation strategies are similar with considering three basic principles: cost efficiency, equity issues and system maintenance (Reynolds, 1995, 2001).

Understanding the process of expatriation management as managerial practice in MNEs assures a fundamental base for this study. However, as aforementioned, expatriation is regarded as an expensive activity by MNEs when comparing with domestic work. As a result, scholars pay attention to the accomplishment of expatriation; more specifically, some focus on the effectiveness of expatriation (Black et al., 1991; Harrison & Shaffer, 2004), which is performed by the form of expatriate effectiveness. In next paragraphs, the concept of expatriate effectiveness will be introducing from existing literature.

### 2.2 Expatriate effectiveness

The research on expatriate effectiveness has been commonly limited by fuzzy definitions (Shay & Tracey, 2009). It could be a broad term used to characterize the criterion space for expatriates (Harrison et al., 2004). In the study of Shaffer et al. (2006), it is regarded as same as expatriate success which reflects a desired performance that contributes to achieving the goals of company. More specifically, multiple extant researches conceptualize the criteria of expatriate effectiveness in associated with three key dimensions: expatriate adjustment,
withdrawal cognitions, and job performance (Black & Mendenhall, 1991; Harrison et al., 2004).

According to Black and Mendenhall (1991), the expatriate adjustment consists of tripartite definitions, which are work adjustment, interaction adjustment, general or cultural adjustment. Work adjustment is embodied by the comfort of expatriate to assigned job or tasks. Interaction adjustment reflects the adaptability of socializing with host country nationals (HCNs) both work and non-work environment. And general or cultural adjustment refers to comfort associated with non-work environment in the host country which includes food, local climate, living conditions, transportation and health care and so forth. These three dimensions are all associated with psychological adaptation, which are positively related to expatriates’ working performance on the overseas assignment (Caligiuri, 1997) and negatively related to the expatriates’ premature withdrawal of the assignment (Gregersen & Black, 1990). Therefore, it can be asserted that those expatriates who fail to adjust foreign settings are likely to be ineffective or even failed in their assignment.

Withdrawal cognitions, are also referred to as “psychological withdrawal” which means that the personal intention of leaving current position or cognitively searching and evaluating substitutes to current position (Harrison et al., 2004). Expatriates who remain on the assignment but psychologically escape from the current position may negatively impact on the quality of their daily work and eventually damage the benefits of the companies. More specifically, the withdrawal cognitions may decrease expatriates’ productivity, damage their relationships with colleagues and business partners, and even make the companies losing competitive edge (Black, Gregersen & Mendenhall, 1992). Additionally, Black and Gregersen (1999) examined that about half of the expatriates with this cognition are performed ineffectively in their assignments. According to the model of adjustment-effort-performance linkages proposed by Harrison and Shaffer (2005), general or cultural adjustment is the vital predictor of withdrawal cognitions, which means that maladjustment in foreign culture may have a fair chance of quitting from the assignment rather than being underperformed in task.
Hence, in order to implement well and achieve success international assignment, expatriate’s adjustment to non-work environment of the destination should be very concerned.

Mol, Born, Willemsen and Van Der Molen (2005) states that job performance can be divided into two domains: 1) contextual domain, which refers to the activities that can sustain interpersonal and psychological environment so as to achieve the operation of the technological core; 2) task domain, which refers to the effectiveness of performing activities that can contribute to the firm’s technical core either through accomplishing one part of its technical processes, or through providing required materials and services (Borman & Motowidlo, 1993). Job performance is cast as the behaviors that are directed for the goals of the firm, and the effectiveness is the outcome that comes from those behaviors (Campbell, 1990). Thus, in order to assess the effectiveness, it is imperative to understand the firm’s goals and verify if expatriates’ behaviors match the goals.

Although there are multiple criteria of expatriate effectiveness, Harrison et al. (2004) and Shaffer et al. (2006) argue that the two of the most important criterias are expatriate work adjustment and job performance. According to Chen et al. (2010), those two criterias are uniquely potent for identifying effective on-job-performance in expatriate facet. As discussed earlier, work adjustment indicates the extent to which an expatriate subjectively feels ease dealing with work assignment in host country (e.g., active participation in work sessions, positive discussion with clients), and job performance indicates the extent to which an expatriate actively fulfils job tasks and also in an efficient way in host country. As such, job performance might be perceived as the most significant and direct indicator of an effective expatriate from the point of the view of both expatriate and company. However, Chen et al. (2010) argue that work adjustment is also critical because that it can be considered as an intermediary agent of expatriate effectiveness, which possibly facilitates expatriate job performance and moreover assists expatriates in overcoming challenges in international assignments. Therefore, work adjustment is regarded as one of the critical indicators, meanwhile we recognize that work adjustment would play a positive role in stimulating expatriate job performance.
All in all, work adjustment and job performance are essential indicators that we are using in this study to evaluate the effectiveness of expatriates. As discussed earlier, due to short internationalization experience, EMNEs might have different managerial practices comparing to what DMNEs do, and thus it may result in discrepancy on expatriate effectiveness among EMNEs. Likewise, different context (e.g. institutional environment) where the MNEs are fostered within has significant influence to their managerial practices (Zheng, 2013), and it consequently affects expatriate effectiveness. We aim to investigate the influential factors created by certain institutional environment that affect expatriate effectiveness in this study; accordingly, the following paragraphs pay attention to specific institutional environment in Chinese EMNEs.

**2.3 Institutional environment in organizations**

Scholars show affirmative attitude on Institutional theory in explaining organizational actions (Dacin, Goodstein & Scott, 2002; Peng, 2003). North (1990) describe institutional theory as “rules of the game”, which are “humanly devised constraints that structure human interaction”. It is also proposed that institutions consist of formal constraints and informal constraints. Particularly, formal constraints include rules, laws and constitutions, while informal constraints refer to norms of behavior, widely held beliefs and conventions (North, 1990; Powell & DiMaggio, 1991). Correspondingly, Scott (1995) argues that there are three descriptive dimension that constitute institutions from sociological perspective: regulative, normative and cognitive structures and activities, which shape social and organizational behaviors. Regulative dimension is considered as formal systems of rules and regulations that framed by the state; normative dimension means the legitimate ways that can pursue socially developed values in, and cognitive dimension refers to widely embedded beliefs and imposed codes of conduct. Moreover, it is suggested that culture holds up for both normative and cognitive institutions, as it cultivates social beliefs and behaviors (Child & Tsai, 2005; Kostova, 1999; Scott, 1995; Wang, Freeman & Zhu, 2013).
Institutional theory is a fundamental theoretical tool that constantly be used to explain the reason why a company practices HRM (Zheng, 2013). It is also discussed that there are not exact theories to identify how or what a company practice HRM, as these questions are remained relevant to practices and applications. Some studies have explored into the fields and tried to provide insights on the approaches of HRM practices, such as instrumental approach and humanistic approach (Dowling et al., 2008; Evans et al., 2002; Zheng, 2013). Also, some researches come up with frameworks, stemming from empirical analyses, to describe practical models of HRM approaches. However, it remains possibility that a firm may use more than one HRM practical framework for reference or even adopt mixed practical approaches of HRM practices, due to individual discrepancy among firms. As a result, a firm is likely to create a unique approach of HRM practice under certain institutional environment, which produces distinct degrees of effectiveness.

Likewise, as an essential part of international HRM, though expatriate management is not examined specifically by theories about how and in what aspect an MNE conduct its practices, some empirical analyses have done by scholars to conclude recommendations on expatriate management (e.g. Selmer, 1995) (McEvoy & Buller, 2013). Similar to HRM, discrepancy due to different institutional environment also has impact on the aspects or how the firm practices its expatriate management, and thus influence its expatriate effectiveness.

It is argued that EMNEs are exposed to a few disadvantages in internationalization when comparing to DMNEs, such as late mover disadvantage (Gaffney, Cooper, Kedia & Clampit, 2014; Luo & Tung, 2007). Luo and Tung (2007) propose that EMNEs recursively and systematically use international expansion as a springboard in order to acquire resources, reduce institutional constraints at home and become more competitive in global market. Institutions in emerging markets are significantly different from those in developed markets (Hoskisson, Eden, Lau & Wright, 2000; Peng, Wang & Jiang, 2008). For example, Hoskisson et al. (2000) mention that the institutional infrastructures in emerging markets to sustain the market-based system are relatively weak. Hence, under distinctive institutions, expatriate management of EMNEs is likely to differ from that of DMNEs.
As a representative of emerging markets, China is surrounded by a special institutional environment, which is argued as of considerable difference from what in developed markets (Li & Scullion, 2010). According to Holmes, Miller, Hitt and Salmador (2013), formal institutions create an established order where business operate within, including rules and laws (North, 1990). China’s formal institutions do shape the organizational behaviors and practices in certain ways; however, some suggest that to some extent, cultural norms (e.g. Guanxi-based interpersonal networks) play larger role than regulations do to guide business operation in China (Peng et al., 2008). Moreover, as for international HRM, formal institutions has little straightforward impact on expatriate management practices. Therefore, in this study we center on the informal institutions in China, understanding their influence to expatriate management in Chinese MNEs. Culture is deemed to be a strong pillar that underpin the informal institutions, and thus it shapes organizational behaviors with commonly accepted norms and values (Holmes et al., 2013; Kostova, 1999). Wei and Lau (2005) state that Chinese HR capabilities and practices are largely influenced by Chinese culture and traditions. Also, Confucian cultural roots and collectivistic mindset would lead to particular management style (Farh & Cheng, 2000; Hofstede, 1997). As a result, it is inferred that China’s informal institutions would form specific expatriate management practices, which thus become influential factors impacting expatriate effectiveness in Chinese MNEs.

In the following paragraphs we will describe expatriate managerial practices in Chinese MNEs under China’s informal institutions from existing literature.

### 2.3.1 Harmony

The concept of Harmony dates back to the time of Confucius in ancient China; also, people consider the value of Harmony as a cardinal product from Confucianism. Normally, the value of Harmony is recognized as a term with multiple implication in the Chinese culture. Among which, Confucianism believes that people ought to act according to a series of principles in order to achieve a situation of harmony (Li, 2006).
Li and Nesbit (2014) interviewed 36 local Chinese managers, and summarized several exclusive HRM values of Chinese people management. Respecting harmony (i.e. a low or free conflict system among social relations) is one of the most obvious managerial doctrine in Chinese MNEs. Similarly, Lin, Lu and Lin (2012) emphasize that harmony plays great role in expatriate management in Taiwanese companies, which are deeply influenced by Confucian culture as Chinese MNEs be. Paying attention to harmony is not an up to date phenomenon, and many researchers have found it appearing among Chinese communications and social interactions (Gabrenya & Hwang, 1996).

In Li and Nesbit’s (2014) study, respecting harmony represents an ideology that collective interest weighs more than individual interest. In fact, it is highly likely that collective interest would be conflict with individual interest in organizational environment when it comes to management. However, pursuing harmony requires individuals reduce conflicts and stay peaceful no matter how much their interest has been influenced. Moreover, as Zhu (2008) indicates, breaking a harmonious relationship is regarded as a risky move. As a result, they are likely to keep silent and comply with collective interest. In this case, if the organizational norms are influenced by harmony principle, the HR manager is prone to ignore individual’s interest for protecting the firm’s benefits. When this misfortune happens to the expatriate, it is inevitable but understandable that he/she perceives of emotions such as dissatisfaction and resentment, which would influence expatriate effectiveness (i.e. work adjustment). For example, an expatriate is assigned to a destination where he does not feel comfortable with. However, he is the most appropriate candidate for the assignment at the moment. The decision-maker has to make him go for the sake of the company. The expatriate is persuaded eventually but he is still uncomfortable with the environment where he is about to work in, and it might affect his work adjustment in the new environment. Therefore, we suppose that the passive emotion results by the management value of harmony has relationship with the expatriate effectiveness.
2.3.2 Group orientation

Hofstede (1997) states that China has high degree of collectivistic culture when comparing with Western countries. One characteristic of the collectivistic culture in Confucianism-based country is group orientation. Li and Nesbit (2014) find group orientation is also a remarkable management value in Chinese firms. Wang, Wang, Ruona and Rojewski (2005) describe the group orientation as individuals intend to be perceived as a part of a network or social relations, and they represent the group’s benefit and pursue the group’s goal. Particularly, attaching to a group can be extended to the phenomenon that individual’s attachment to family (Wang et al., 2005). In traditional Chinese companies, decision-makers respect the fact that an employee attaches to a family and represents a family; in other words, some companies are even responsible for non-work activities of employee’s family, such as housing allocation and education. Also, as group orientation plays as a feature of collectivism, individual characteristics might have been omitted when a group relationship is strong.

Group orientation involves into the process of expatriate management in Chinese MNEs. Some Chinese MNEs are willing to be responsible for expatriate’s family issue, solving the problems that the expatriate’s spouse or children might encounter in the expatriate destination (e.g. housing, education). These considerations may have impact on the expatriate as expression of job performance. Another explanation of group orientation in expatriate management focuses on the performance appraisal and compensation. Thus, we propose that expatriate management practices considering group orientation have influence on expatriate effectiveness.

2.3.3 Central and Top-down Control

Li and Nesbit (2014) describe central control as a ‘hard’ approach of management human resources in Chinese companies. In their description, the central control is common existing not only expressed as management style, but also reflected mentally on employees. It requires employees conform to group norms and discipline. Also, this central control approach
represents a respect to hierarchy or personal authority, and thus leads to a low degree of participation, which expects employees to solely follow top-down instructions. As a result, the employees rely on the commands and instructions, and thus develop a mindset of hierarchy (Li & Nesbit, 2014; Wang et al., 2005). In particular, as Li and Nesbit (2014) mention, employees are situated in a weaker negotiating position, comparing to the decision-makers/authority. With regard to expatriate management, a low degree of participation and weak position might result in ‘less say’ in decision of expatriate terms (e.g. expatriate duration, destination, compensation). It remains possibility that performance appraisal could also be manipulated. As a result, work adjustment in expatriation might be affected under such circumstance, as it has directly influenced the expatriate’s positivity on expatriation. Hence, we assume that central and top-down control as a management value have impact on expatriate’s work adjustment.

2.3.4 Guanxi

Guanxi is considered as the core attribute in Chinese social network (Fang Law & Jones, 2009; Hackely & Dong, 2001). Some have simply translated it into English word “relationship”, while many scholars show negative opinions and state that the term is too complex to define (Kipnis, 1997; Tsui & Farh, 1997). Deemed as a product of Confucianism, Guanxi describes the interpersonal connections and social networking that link people together (Fan, 2002). It is a deeply rooted cultural mindset that influences everyone’s behavior among this institutional environment.

HR management practices are also influenced by Guanxi in certain ways (Fang Law & Jones, 2009). Wang (2008) indicate that Chinese employees intend to regard their perceived ‘in-group’ co-workers as closer friends, comparing with how they treat other co-workers. It is easily inferred that when a HR manager has closer relationship with one expatriate, the expatriate might receive special treatment, such as priority of housing arrangement or compensation at the candidate selection and compensation phases. Or one expatriate does not
own a trusted Guanxi relationship with HR managers or decision makers, he/she is likely to be excluded from priority or special treatment. Back to the expatriate assignment, the expatriate might feel special treated but he/she is unable to blame others, the work adjustment or job performance would get influenced either in positive or negative way. As a result, Guanxi-based expatriate management practices would influence expatriate effectiveness.

2.4 Summary

To sum up, our theoretical background contains three main parts, depicting expatriate management in Chinese MNEs influence expatriate effectiveness under China’s particular institutional environment. To be clear viewed, we present our theoretical model illustrated in Figure 1. Expatriate management practices appear normally in five phases: selecting expatriates, preparing and orienting them, adjusting to the expatriate role, managing the performance of expatriates, compensation and repatriation. We assume that the interaction of expatriation between HR managers and expatriates would take place within these five phases. With regard to the definition of expatriate effectiveness, we believe that work adjustment and job performance are main indicators measuring the effectiveness of an expatriate assignment, measured in the period of taking the expatriate assignment. Additionally, it is noteworthy that expatriates’ work adjustment would also facilitate their job performance during the assignment. However, in this thesis, we do not provide objective quantified measurement for these indicators, as we use qualitative research method in the entire study; instead, we see work adjustment and job performance as subjective description made by expatriates. Last but not the least, we introduce institutional theory and regard it as a bond connecting expatriate management and expatriate effectiveness. More importantly, China’s speciality of institutional environment (particularly informal institutions) provides narrowed context for our research on influences of particular expatriate management on expatriate effectiveness.

Provided that the research question is about to address the relation between potentially influential institutional factors and expatriate effectiveness; consequently, this leads to an
inquiry of exploratory qualitative research method. An exploratory qualitative research method seeks for in-depth insights to the phenomenon, aiming to reflect proper understanding in a flexible range. Besides, an exploratory qualitative research is reasonable for revealing empirical findings that has not been discovered by any form of studies before. In next chapter, research method, including research design, data collection as well as data analysis approach for this thesis are laid out and introduced.

Figure 1: Theoretical model illustration
3. Method

3.1 Research design

The purpose of this thesis is to analyze the relationship between managerial practices that shaped by influential institutional factors and expatriate effectiveness within specific context of Chinese MNEs. Through discovering the influence brought by the institutional factors, we aim to define the relationship between the institutional factors and the expatriate effectiveness. Whereas it is noteworthy that though the study indicates that the institutional factors may potentially influence the expatriate effectiveness, the expatriate effectiveness is not completely dependent on the institutional factors. Hence there is no causality of the variables. Moreover, this thesis is acknowledged that few studies are made targeting expatriate management of EMNEs, when comparing with that of DMNEs (Zhu et al., 2014). Although some scholars have examined the particular Chinese institutional factors that affects HRM in Chinese MNEs (Li & Nesbit, 2014; Wang et al., 2005), there is few studies concerning managerial practices (IHRM practices) and expatriate effectiveness with regard to EMNEs in existing literature, let alone under specific Chinese institutional environment. A special focus is thus driven to a research between Chinese institutional factors and expatriate effectiveness through expatriate management practices. Conclusively, in order to address the research within limited frame, an exploratory research type is employed in this thesis for better understanding upon the existing theories, and also served as complement to the gap research field (Saunders, Lewis & Thornhill, 2009).

The choice of the topic is also due to lack of relevant literatures regarding the Chinese context within IHRM literatures. Per this view, a qualitative research design that possesses the explorative orientations and theoretical perspectives are required for this study. Qualitative design seeks to provide in-depth insight to the phenomenon. Compared to other research designs that requires more structured and well understood problems, qualitative design is relatively flexible, as it demands the problem of an unstructured nature where could produce more solutions for arriving findings (Ghauri & Grønhaug, 2010). The study emphasizes on
understanding the current Chinese MNEs’ IHRM practices and their relationships with expatriate’s work performance other than testing extant theories; Meanwhile, the data regarding the IHRM practices, work adjustment etc. are also difficult to be collected in a statistical way. As a result, an exploratory qualitative design fits neatly in situation. In this thesis, exploratory qualitative research provides us with access to a deeper understanding on the links between institutional factors with expatriate’s effectiveness at work.

Based on the existing theories and literature, the selection of deductive reasoning is determined as a reasonable choice for creating logical correlation and draws conclusion in this thesis. Deductive research is planning to test the hypothesis that the study has developed before collecting data (Saunders et al., 2009). It is worth noting that, however, given the characteristics of exploratory qualitative research, the research approach this thesis adopts does not completely follow the emphasis of a deduction. For example, instead of developing a hypothesis, we built propositions that extracted from existing literature. Also, we do not insist on quantified data, as we utilize qualitative data collecting approach. In this thesis, we summarize and develop theoretical framework for guiding the entire empirical study; after collecting data, we compare empirical findings with existing theoretical framework. Thereby, deductive reasoning is the logical reasoning in this thesis. Meanwhile, with exploratory qualitative research method, we are able to test the propositions that implicitly displayed in the part of theoretical background, and to deepen the understanding through particular case for particular situation. Thereby, we can develop improvement on the existing theories for the particular case as from the empirical investigation. In this case, evaluating the relationship between the expatriate effectiveness and the managerial practices that shaped by Chinese institutional environment is workable by deductive reasoning approach.
3.2 Data collection

3.2.1 Interview design

‘Motivation Research’ is the research type of this thesis, since the primary interest is in finding out how expatriates feel or what do they think about institutional interventions that could associate with their expatriate effectiveness (work adjustment and job performance) (Kothari, 1990). Through understanding the expatriates’ personal experiences and perceptions, the common findings are expected to be discovered for answering the research question. Per this view, an in-depth interview supposes to be the most likely design. However, in our interview design, in order to obtain information more efficiently and accurately to the grounded research objectives, we decide to conduct a semi-structured interview design. Taking semi-structured interview allows interviewers to set up a list of interview questions as framework firstly, and then interviewers can omit or add particular questions depending on the actual flow of the conversation (Saunders et al., 2009). In the process of interview, we construct a brief interview framework that can be served as the guidance for interactions with the predetermined respondents. During the interview, we never restrict the answers to the defined questions, and any kinds of further exploratory questions are expected during the interviews. With the purpose of obtaining as more insights as possible, we encourage an ambiance of discussion, and try to add in follow-up or detailed questions on basis of particular situation. The entire interview guide is shown in Appendix A.

In this thesis, in order to gain access to empirics so as to address the research question, the framework of interview guide designed for the interviews is divided into two main parts: introduction and personal information, and work performance influenced by Chinese specific institutional factors (Harmony, Group orientation, Central and Top-down control, and Guanxi). Also, as mentioned above, there might be chances that some follow-up questions are raised in some conversations, based on particular situations, which are also included in the interview guide. Moreover, the information and data from all questions are equally recorded properly.
3.2.2 Primary data

We expect to understand interviewees’ perceptions, attitudes and experiences on expatriate effectiveness through interview data. The collected data of the thesis come from the semi-structured and face-to-face interviews, which are recognized as primary data. According to Ghauri and Grønhaug (2010), primary data ensures more straightforward answers in relation to the research objectives and research questions, as they are directly collected for the particular topic. Moreover, it is only primary data that can manage to pursue the answers through an exploratory qualitative method. Through the primary data we could also further explore the meanings hidden behind the words of respondents, so as lead to more theoretical conclusions (Ghauri & Grønhaug, 2010); in this case, we are able to construe sentences in certain contexts and assure the accurate information is correctly recorded from the conversations with the interviewees.

3.2.3 Case Selection

According to Ghauri and Grønhaug (2010), qualitative research design also attaches the importance to sampling issue, as it brings us to understand, gain insights and build the theories (explanations) to the study.

In this thesis, the selection of interview respondents focuses on the Chinese expatriates working in Chinese MNEs located in Sweden and Finland. The research objectives are to gain insights into what factors (IHRM practices in Chinese institutional context) could link to the expatriate effectiveness. Moreover, the expatriate effectiveness can only be presented and measured through the expatriates themselves. Therefore, to interview the expatriates working overseas is the key to find out whether the assuming institutional factors could link to their work performance, more specifically, the expatriate effectiveness. As a consequence, the
investigation on Chinese expatriates should be completely involved in the research and possess the needed information.

In regard to the case selection, we primarily focus on the in-depth analysis of one company, and use the interviews of other two companies as supplement interview materials. The basic reason of keeping other interviews is that during the phase of pre-study, a trial on the interview design is deemed to be needed. Hence, before having an in-depth single case study, we have already carried out the interviews with other companies briefly. Further, considering that those other findings may help us to generate more thoughts about how Chinese expatriates’ work effectiveness are being correlated by the specific underlying institutional factors other than one universal company’s corporate strategy, meanwhile manage to achieve triangulation (Ghauri and Grønhaug, 2010). We adopt predominant single case study but with supplement materials of other cases in this study, which is also enable us to get away the sampling criteria for the respondents and increase the generality of the study results.

In this study, the case company we focus on will be named as Company A (private enterprise). Furthermore, as aforementioned, in order to capture more insight upon the overall interview process, we would like to conduct three interviews in advance with two other companies as preliminary study chance. These companies are also Chinese MNEs that located in Sweden, simply called Company B (state-owned enterprise) and Company C (private enterprise). Company A has branches located in Finland as well as in Sweden. The reason of choosing Company A as the single case is threefold: 1. Company A is famous for its business enlargement worldwide in recent years; 2. The authors have access to the employees of Company A, which provides great convenience for contacting the expatriates inside the company; 3. Company A meets the requirements as selected case i.e. over 50 percentage of share are held by Chinese citizens, and all the expatriates are Chinese nationalities.

Basic background information of Company A is listed as following:

**Company A:** Founded in 1980s, Company A has more than 150,000 employees spreading over 100 countries. Particularly, Company A has branches in both Sweden and Finland, with
a number of expatriates operating daily issues. Situated in telecommunication industry, Company A is the industry leader all over the world with providing telecom products and services. In 2014, the company has overall annual profit claimed 5.5 billion US Dollars. It has three main business departments in one branch, and each department is taken charge by one supervisor who is usually an expatriate from Headquarters in China. The company has standardized HR policies and rules all over the branches worldwide.

Basic information of Company B and Company C are listed below:

*Company B:* Company B was founded in 1980s as a state-owned firm of China. Company B is one of the largest airlines in China with flights over five continents. In particular, the company has a branch located in Sweden, taking in charge of the business over Nordic countries. In 2015, Company B has annual profit over 1 billion US Dollars.

*Company C:* Company C is a telecommunication equipment provider, with branch located in Sweden. As one of the top ten smartphone manufacturers, the company has products and services over major countries. In 2015, Company C has earned net profit over 0.6 billion US Dollars.

Above all, as through single case study, this thesis selects one Chinese MNE that has branches located in Sweden and Finland.

### 3.2.4 Description of the interview respondents

The total number of the respondents is 11 and they are working in three different Chinese MNEs, as what have been stated above. Due to the confidential agreements, the further information regarding specific positions of the respondents will not be included in this thesis. Therefore, there will only be presenting the brief descriptions of respondents and all respondents will be referred to as respondent 1, 2, 3 and by this analogy.

The respondents are all Chinese nationalities assigning from HQs in China. As for expatriation experiences of the respondents, the numbers of their expatriation years ranged
between 2 to 12 years. Among the 11 respondents, 9 respondents are from Company A, 1 respondent is from Company B and 1 respondent is from Company C. 5 out of all respondents are working in managerial level and 6 respondents are front-line employees working in the field of IT technology, marketing and sales. They are all dispatched expatriates that were sent from Chinese headquarters. The overview information is demonstrated as followed Table 1.

During the course of conducting the interviews, we make the initial contact with some expatriates that we know personally. And then by asking them if there are other Chinese expatriates working in Sweden and Finland, thus gradually enrich the empirics. The aim is to allow us access to the nature of the interactions among the informal institutional factors and expatriate effectiveness, thereby establishing the theory.

<table>
<thead>
<tr>
<th>Respondent 1</th>
<th>Company</th>
<th>Type of enterprise</th>
<th>Country</th>
<th>Length of expatriation experience (years)</th>
<th>Position</th>
<th>Date of interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondent 2</td>
<td>Company A</td>
<td>Private</td>
<td>Finland</td>
<td>12</td>
<td>Manager</td>
<td>2016.04.05</td>
</tr>
<tr>
<td>Respondent 3</td>
<td>Company A</td>
<td>Private</td>
<td>Finland</td>
<td>8</td>
<td>Front-line</td>
<td>2016.04.05</td>
</tr>
<tr>
<td>Respondent 4</td>
<td>Company A</td>
<td>Private</td>
<td>Finland</td>
<td>5</td>
<td>Front-line</td>
<td>2016.04.05</td>
</tr>
<tr>
<td>Respondent 5</td>
<td>Company A</td>
<td>Private</td>
<td>Finland</td>
<td>5</td>
<td>Manager</td>
<td>2016.04.05</td>
</tr>
<tr>
<td>Respondent 6</td>
<td>Company A</td>
<td>Private</td>
<td>Finland</td>
<td>7</td>
<td>Front-line</td>
<td>2016.04.05</td>
</tr>
<tr>
<td>Respondent 7</td>
<td>Company B</td>
<td>State-owned</td>
<td>Sweden</td>
<td>8</td>
<td>Manager</td>
<td>2016.04.05</td>
</tr>
<tr>
<td>Respondent 8</td>
<td>Company C</td>
<td>Private</td>
<td>Sweden</td>
<td>5</td>
<td>Front-line</td>
<td>2016.04.05</td>
</tr>
<tr>
<td>Respondent 9</td>
<td>Company C</td>
<td>Private</td>
<td>Sweden</td>
<td>2</td>
<td>Front-line</td>
<td>2016.04.05</td>
</tr>
<tr>
<td>Respondent 10</td>
<td>Company C</td>
<td>Private</td>
<td>Sweden</td>
<td>6</td>
<td>Manager</td>
<td>2016.03.27</td>
</tr>
<tr>
<td>Respondent 11</td>
<td>Company A</td>
<td>Private</td>
<td>Sweden</td>
<td>3</td>
<td>Manager</td>
<td>2016.04.14</td>
</tr>
</tbody>
</table>

Table 1: Overview of respondents

3.2.5 Interview process

We contacted with the respondents one week before the meetings to make sure the availability; also, we inform them about the interview topic at the same time. The whole interview processes are conducted in Chinese, as the interviewees and interviewers are all Chinese nationalities and Chinese native speakers. The aim of using Chinese is to minimize the ambiguities and to strengthen the richness of empirical data (Ghauri & Grønhaug, 2010). The overall interview period started from 21st March to 14th April, of which the contact period
was from 21st March to 24th March while the interview period was from 27th March to 14th April.

At the beginning of the interviews, we briefly introduced the research topic as well as the research question to the respondents so that they have basic understanding to the research area. Also, we explained the theories we extract from literature (Harmony, Group Orientation, Central and Top-down Control and Guanxi) to provide a certain guideline for our interviews. More importantly, we interpreted the definition of the four factors, as well as their emphasized dimension (e.g. possible managerial practices) in our study, to every interviewee before we started the topic. If the interviewee showed any confusion about the concepts, we would explain again until he understands.

As for the questions, we started from respondents’ basic information (e.g. age, length of work in current company, expatriate length, and family issue). Next, we asked some open-ended questions related to expatriate process to get familiar with the IHRM practices in the company that the respondents work in, for example, how were you chosen as an expatriate? This step was to collect more detailed information of the expatriate management practices, as there is possibility of firm specific discrepancy on management practices. Afterwards, the questions listed were asked and sought for answers. These questions are related to our research question, aiming to find out whether there are any relationships between the specific expatriate management practices and the expatriate effectiveness under Chinese institutional environment. During the interviews, extra questions were come up with depending on particular progress, in order to gain fuller picture of what the respondents described, for instance, do you have spouse when you were assigned the position overseas?

The interviews were completely recorded by us with either laptop or notebook in Chinese (the interview language), and then got transcribed into English afterwards. As Chidlow, Morgan-Thomas and Ghauri (2010) mention, though there might be some disparities during recording and transcription due to the language differences, these disparities can be overcome by explaining the reason for utilizing the method.
3.3 Data presentation and analysis

Data transcription is the very first step after conducting interviews. In this phase, we firstly focused on language transcription, from Chinese to English. Secondly, based on the layout of our interview guide utilized in the interviews, we developed a primary framework for data presentation. The framework starts with five categories: Harmony, Group Orientation, Central and Top-down Control, Guanxi and Expatriate process. To structure and classify the data into categories makes it easy to cover all relevant data output from the interviews and rule out less meaningful content at the same time. As we have two people recording the data during the interviews, it is necessary to organize and comprehend our own part of data at the beginning, and then integrate them together into categories. In order to make sure the data is accurately interpreted, we build up a form based on the 11 respondents and the five categories, so that particular quotes and comments can be filled in and emphasized. The quotes are highlighted for illustrating importance.

Saunders et al. (2009) suggest the procedures of data analysis in qualitative research that other than data transcription, comprehension and integration, more importantly, to identify the data pattern and compare it with the literature should be accomplished afterwards. As a result, we constantly review back to the literature during the analyzing process, and compare our assumption with empirics. In this phase, we follow the primary framework that set up in theoretical background, which is divided into four subheadings according to the four institutional factors, for easy comparison. Later, a discussion model is established by summarizing our analysis.
4. Empirical findings

4.1 Harmony perspective

There are two questions on the question list centering on the value of Harmony in Chinese MNEs, aiming to investigate the impact of conflicts and relationship between collective interest and individual interest on expatriate effectiveness. As aforementioned, Harmony represents a free or low conflict system as well as an ideology that collective interest comes before individual interest.

In the total group of interviews, all the respondents showed affirmative attitude that there are certain managerial practices in their companies considering collective interest prior to individual interest. In other words, all the respondents seem to understand this “rule of the game”. When it comes to the connections to expatriate effectiveness, some delivered positive feedback about the link between Harmony and their work adjustment, while some stayed neutral and sought for personal adjustment.

A majority of respondents admitted that they followed the instruction completely from upper decision-makers about expatriate assignment in terms of destination selection, even though they had possibility to negotiate. In other words, these respondents acknowledged the existence of Harmony and understood how it reflects in the company:

“Yes, this happens everywhere in the company. Individual interest is hardly considered in front of collective interest. This is the truth. Everybody knows it.” (Respondent 5)

However, a small number of respondents agreed that there are some exceptions-- there are situations that individual interest would be taken into account by the company in order to gain a balance at work:

“It is the truth that collective interest comes first. But it does not happen all the time-- sometimes the company would consider individual interest for employees in order to achieve
a balance. For example, if you are assigned to undeveloped countries, you are able to get way more subsidy than people in other areas.” (Respondent 7)

With regard to the impact of Harmony on work, a relatively small number of the respondents stated that they were satisfied with the expatriate decision now or before, including the assigned destination and work; hence, they do not see any influence at work when it comes to collective interest and individual interest:

“I was passionate when I was assigned abroad at the beginning, I was young and ambitious, and I didn't really care where I would be sent to. Now I still feel good.” (Respondent 1)

Over half of the respondents recognized the possibility that sometimes the fact of “collective interest comes first” might lead to sense of disappointment, but they can always try their best to adjust themselves in order not to affect daily work:

“It is an important ability for a manager that you should be able to comply with upper decision without affecting your work.” (Respondent 9)

“It is obvious that collective interest weighs more than individual interest. The key is to adjust yourself and adapt to the situation so that you won’t be disturbed.” (Respondent 6)

Interestingly, though one respondent thought that sometimes individual interest might be sacrificed in front of collective interest and thus bad effect is created on individual work, he talked about the importance of understanding corporate value ("Bearing hardships and standing hard work") and its impact on his work. Corporate value is highlighted from his response:

“The deeper you understand the corporate value, the quicker you can adjust yourself to positive working attitude.” (Respondent 8)

Nevertheless, one of the respondents admitted that he understands the truth that collective interest weighs more than individual interest in his company, but it affected his work initiative when assigned to the place where he did not feel comfortable with:
“Honestly, I felt a bit disappointed and passive at work at that time.” (Respondent 3)

4.2 Group Orientation perspective

Three questions concerning the value of Group Orientation are listed in the interview guide, in order to recognize expatriates’ sense under the value of Group Orientation in company and study if the value has impact on their work adjustment and job performance. As from the literature, Group Orientation stresses individual’s attachment to a group, especially to family; within the group, individual’s contribution is likely to be diluted comparing with the group’s total achievement.

One respondent in HR position from Company A explained the particular policy regarding family member benefits of expatriate in the company. In Company A, the company is responsible for expatriate’s housing and living, but not including the family member’s demand. However, the company encourage expatriates to take their family members as company to the assignment destination, and the company can help to deal with some matters concerning documentary needs (e.g. visa). And also, more subsidy will be allocated to the expatriate who has family members go together.

Nearly all of the respondents from Company A have noticed the policy and ever considered the family issues during their expatriate period. Among which, majority of the respondents admitted that family issue is very important to their work abroad under a reasonable company policy:

“It is essential to settle down the family before go on hard-working.” (Respondent 1)

When it comes to the impact on their work adjustment and job performance, some respondents stressed that to a large extent family issue would affect work initiative and work efficiency, and it is positive for them that the company encourage family members accompanying.
“Yes, it affected my job performance a lot— in effect, I really think the policy supported my work and facilitated my well-performance. You know, family is important to everyone.”

(Respondent 5)

However, there are 2 respondents stated a different opinion that though family is important, it did not affect their work in some levels. One respondent highlighted that since his spouse is flexible to be accompanying with him under the company policy, it does not matter whether she is here or not:

“If my wife is willing to come abroad with me, she’ll be able to do that. I have nothing to worry about.” (Respondent 4)

Similarly, there are 3 respondents argued that it is completely the choice of expatriates themselves in regard to family company, as the family member may have to sacrifice himself/herself for living together with the expatriate by losing own career development in home country; also, it takes expatriate’s time and energy to take good care of his/her family while shortening effort on work. Therefore, they think expatriates should be able to adjust themselves to avoid affecting their work no matter in which situation:

“We should keep two-sided mind regardless what the policy is, and the most important thing is how to adjust yourself to the work based on the situation.” (Respondent 7)

Regarding another meaning that Group Orientation represents, which refers to a dilution of individual’s contribution under total group achievement, the respondents have similar views. The respondent in HR position highlighted that group-oriented working style is utilized in the company. He introduced the performance appraisal system regarding individual contribution in group performance appraisal. In Company A, everyone has own performance target annually, and it thus forms a group’s annual performance target when combining with every group member’s target. Therefore, everyone’s contribution is taking into account when evaluating performance. In this case, all the respondents from Company A showed positive opinions about the relationship between individual contribution and group achievement, and believed their contributions can be correctly appraised. Thus, they did not think group
orientation in terms of performance appraisal can affect their work adjustment or job performance:

“The appraisal system is fair enough. I know my contribution counts. Most importantly, my boss, or even the whole company, knows how much I did.” (Respondent 6)

As for the other two respondents from other companies, they share the same opinion that individual contribution can be properly appraised in their companies, and it would not affect their work whether they belong to a group or not:

“We have a lot of policies concerning performance appraisal. The regulation is on the table, and every assessment is transparent. With that being said, I don’t think I should worry about my own contribution comparing with the group performance.” (Respondent 9)

4.3 Central and Top-down Control perspective

In regard to the Central and Top-down Control, there are two questions concerning the topic as demonstrated. The aim is to discover the relationship between the hierarchical control and the expatriate effectiveness (work adjustment and job performance). As discussed earlier, Central and Top-down Control refers to employees mentally complying with hierarchy or the authority of the superior. They tend to be placed at a weak position in unions and mainly follow the instructions from superiors without the negotiation. The existence of Central and Top-down Control is originated from the Chinese national culture, and inherently shaped the way of people interacting with their superiors.

Yet our results indicate that facing an increasingly internationalized corporate environment, although the Central and Top-down Control is still existing in the sampling companies, its influence is gradually vanishing. Respondent 1, 4 and 6 (Company A) all considered that there is no big differences among the hierarchies, and full communication regardless of authority is an important basis for daily work:
“The responsibility of managers is to communicate, arrange and organize. They should also undertake the consequences of decisions regardless of good or bad outcomes. It is inappropriate for them to directly intervene in subordinates’ regular work.” (Respondent 4)

“The situation of hierarchical control may have happened nine years ago, but in recent years, the gaps between the managers and subordinates have been shortened.” (Respondent 6)

Even though the influence of this hierarchical control on expatriate work environment is waning, there is still a different opinion regarding the prevalence of Central and Top-down Control in company. Respondent 7 from Company A argued:

“Those kinds of control are still remaining in the company. Especially compared with western way of giving subordinates discretions in doing their jobs, the hierarchical control of their company is rather strong. In the company, the subordinates are generally responsible for collecting various materials and reporting them to superiors. Basically, there is no room for them to argue and raise up the new ideas.” (Respondent 7)

When the question extends to the expatriate effectiveness to see if this kind of control would affect the expatriate working enthusiasm and efficiency of executive, Respondent 7 and Respondent 8 both observed that Central and Top-down Control would influence the the expatriate working enthusiasm, and ultimately relate to efficiency of executive (job performance) in a positive way. Respondent 7 emphasized that:

“In face of top-down control, the quality of the leader is extremely important. It is able to determine whether there is a positive or negative influence on the expatriate working enthusiasm. If everybody in the team trust the leader, they will certainly follow up the steps of leader and be passionate about their jobs.” (Respondent 7)

In addition, all 11 respondents agreed that when it comes to the selection of expatriation, the influence of top-down control is relatively weak. Nowadays, the companies are all taking two-way selection, the assigned employees are able to negotiate with the superior if they are unwilling to attend the international assignment, and they may even change the department in
some cases. However, Respondent 3 pointed out that although the influence of central and top-down control is minimal, there might be some “invisible pressure” in arguing those instructions with the superior:

“The spirit of the company is bearing hardships and standing hard work. In this circumstance, if you decline the expatriate instruction, the consequences may become the invisible pressure for employees, as violating corporate value and refusing to expatriate instructions may have a negative impact on gaining recognition from the company. Therefore, some assigned employees might take into account the pressure and could not refuse the expatriate instruction that they do not really like to accept.” (Respondent 3)

And when discussed possible results of passive expatriate experience, Respondent 3 mentioned that if the expatriates failed to adjust to changing circumstances, the worst situation may turn to withdraw from the job. In this context, the working enthusiasm of passive expatriate can be affected when expatriates conduct an international assignment with bearing the invisible pressure. Conclusively, all respondents recognize the vanishing Central and Top-down Control, but it may also difficult to deny its potential links to the work circumstances.

4.4 Guanxi perspective

Concerning the Guanxi perspective, there are four general questions raised for examining the relationship between the Guanxi-based interpersonal relationships and the expatriate effectiveness (work adjustment and job performance). Aforementioned Guanxi mostly centered on the ethical decision-making aspect, inferring that expatriates may use Guanxi to influence the judgment of HR managers so as to operate their expatriation. In this logic, the existence of the Guanxi in a company is inappropriate and will have a negative impact on impartiality.

In terms of the operation of Guanxi in company, all respondents observed that the situation of
using Guanxi is rare either in daily work or in expatriate assignment. Among the replies, Respondent 4, 5 both emphasized the importance and necessity of supervision and management system, and their constraints on abusing Guanxi:

“As for evaluation of expatriation, the company takes a scientific performance examination system - Key Performance Indicator (KPI). It adopts anonymous evaluation and comprehensive research. The rewarding system is also result-oriented. Hence there is absolutely no opportunity to operate guanxi.” (Respondent 5)

Moreover, half respondents from Company A mentioned that the work attitude is also additional evaluation criterion of expatriate performance:

“Our company takes KPI and work attitude as supplemental reference to evaluate the performance of expatriate. Additionally, compared with outstanding KPI, it is also crucial to create a smooth working relationships among expatriates and local employees. However, forming fractions inside office is completely forbidden.” (Respondent 8)

In this case, if the expatriate lays too much focus on forming Guanxi with HR managers or colleagues, one will probably be criticized by the committee, since this kind of activity is likely to promote more unfairness in getting rid of the constraints of the rule, which may has a negative impact on making other expatriates more engaged in their jobs. Furthermore, according to the statement of Respondent 4:

“The establishment of rules and regulations is very important for managing the work efficiency.” (Respondent 4)

The operation of Guanxi can be therefore concluded that has a much smaller impact on the management of expatriate work efficiency due to the limits of scientific rules and regulations. Yet except for the unethical part of Guanxi, Respondent 9 observed that:

“Guanxi also plays a role in the Nordic culture, but it is based upon the rules. The use of guanxi aims to nurture trust with business parties, which can provide the significant benefits to business transactions.” (Respondent 9)
Therefore, the establishment of rule and regulations can be the hinders to breed unethical Guanxi, but not impede the development of favor-seeking Guanxi (Fan, Woodbine & Scully, 2014) that possesses moral values, aiming for building more coordinated business connections.

4.5 Expatriate process

There are two main questions with regard to the process of expatriate selection and training, in order to get a deeper understanding to the two phases in expatriate process, among which managerial practices are likely to be affected by Chinese institutional environment. Also, these two questions are aiming to collect more detailed information concerning the organizational environment (e.g. corporate culture).

The respondent in the HR position from Company A explained some criteria when selecting expatriates. Normally, particular professional skill for the international assignment is essential as a criterion; also, local language or at least English skill is another requirement. For selecting appropriate candidate, the company sets up interviews and meetings to evaluate the qualification of the potential expatriates. Importantly, he mentioned, in terms of choosing the assignment destination, the overall guidance in the company is “to be assigned to undeveloped countries first” -- it is closely related to the corporate value “Bearing hardships and standing hard work”:

“The company encourages employees to go on international assignments in undeveloped countries at the beginning of their careers. This is a sort of career guidance based on our corporate value”. (Respondent 11)

When it comes to the training section, the respondent introduced the designed training programs for expatriates, including corporate value training, professional skill training as well as local culture training. These trainings are mandatory to attend before departure. Additionally, he stressed that the training of corporate value is especially necessary, as the company expects expatriates to stick to its corporate value in anywhere.
All the respondents admitted that after applying for expatriate assignments, the decisions are made by upper decision-makers due to vacancies in certain offices overseas. And though they have been given power to negotiate, they did not seem to do that:

“I had been assigned to Africa before I came here. I didn’t complain about the decision made by my supervisor; actually, I think it was a kind of honing and self-development when working in undeveloped areas.” (Respondent 4)

All the respondents from Company A (Respondent 1-8) described the training programs as the way Respondents 11 did, saying they have been through a set of training programs before departure. The two respondents from Company B and Company C also agreed that they have attended several trainings aiming at the expatriate assignments. Most of the respondents thought that training programs were helpful for them to deal with the work and environment abroad. Particularly, two respondents showed affirmative attitude to the training of corporate value, as it would provide a sense of familiarity and even proudness for them during expatriate period:

“I think I got to know more about the company after those trainings. That is helpful. Firstly, I feel confident when I deal with my foreign clients, as I know I’m working for a company that has high reputation in industry. Secondly, knowing some cultural knowledge is better than knowing nothing. It helped me get used to local environment sooner.” (Respondent 5)

4.6 Summary

Referring to the overall empirical findings, we divide the data from interviews into five categories: the four institutional factors (Harmony, Group Orientation, Central and Top-down Control and Guanxi) and expatriate process. Table 2 below shows the specific illustration of this framework. In line with deductive reasoning approach that we take in this study, we evaluate the empirical findings based on classified different levels of themes for operationalization as well as the analysis later. Corresponding to each level of theme, we
highlight some indicative quotes that represent the most essential ideas out of the findings. Next, in the discussion section, these findings will be analyzed through our analytical framework, which is developed based on the four institutional factors that related to the theoretical background.

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<td>Expatriate process</td>
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<td>&quot;The company encourages employees to go on international assignments in undeveloped countries at the beginning of their careers. This is a sort of career guidance based on our corporate value.&quot; - Respondent 11</td>
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Table 2: Empirical findings overview
5. Discussion

5.1 Harmony

In terms of the value of Harmony, the empirical findings provide a basic understanding for us to recognize the impact of this institutional factor in Chinese MNEs.

The influence of Harmony is expected to take place during all phases of expatriate management, from candidate selection to compensation, as expatriate effectiveness is reflected and evaluated in each phase of the expatriation. As explained in the theoretical background, the value of Harmony originates from Confucianism and thus influence people’s social belief as an informal institutional constraint. Li and Nesbit (2014) believe that Harmony represents a common phenomenon that collective interest comes ahead of individual interest in a Chinese organization; meanwhile, discrepancy and priority between collective interest and individual interest might result in conflict somehow on individuals (more specifically, expatriates) in the organization. As a result, in light of the extant literature, we assume that this ideology within a Chinese EMNE would influence managerial practices and thus affect expatriate effectiveness when it comes to the expatriate management.

Correspondingly, according to the empirical findings, all respondents did confirm the important role that Harmony plays in their work and life during expatriate period. It is thus reasonable to state that expatriate effectiveness is potentially under influence by the institutional constraint. This is in line with what the literature assumes in the theoretical part. To find out the reason why the value of Harmony creates impact on expatriate effectiveness through managerial practices, we need to understand the situation of harmony in Chinese MNEs at the very first step. As from the literature, Harmony is a traditional value that influences managerial practices in Chinese MNEs (Li & Nesbit, 2014). It is without doubt that Harmony weighs a lot in management of Chinese MNEs with emphasizing collective interest prior to individual interest, as all our respondents have confirmed the phenomenon in their companies. Moreover, the recognition is commonly existing in managerial practices of
Chinese MNEs, and thus it nearly becomes consensus among people believing that collective interest goes beyond of individual interest.

Nevertheless, the expatriates’ perceptions of Harmony seem to be more multiple comparing with the simplex supposition in literature. In literature, we suppose the value of Harmony might result in passive emotion on one’s work and thus have negative impact on expatriate effectiveness. However, more respondents claimed that the value of Harmony have positive impact on their work adjustment than the respondent who showed negative opinion-- it is notable that Harmony may facilitate expatriates’ work adjustment positively.

Therefore, here comes the question: why does Harmony play such a great role in expatriates’ belief, and thus facilitate their work adjustment? The reason is twofold. Firstly, as an expression of informal institutional constraints in China, Harmony is originated from Confucianism, which has controlled Chinese people’s mindset for thousands of years (Li & Nesbit, 2014). Under such circumstance, expatriates from Chinese HQ possess and share the recognition of Harmony, and also take it for granted while at work. This can explain why the three respondents are completely satisfied with their expatriate assignments in the positive way. Secondly, the company succeeds in indoctrinating its corporate value to employees. Incorporating with the information we have collected during the entire interviews, we notice that all the expatriates have been gone through the training programs before they were dispatched. Among those trainings, some respondents stressed the importance of corporate value training. Additionally, as we observed, during the conversation with respondents, they kept saying corporate value and relating it to their behaviors. “Bearing hardships and standing hard work” is the corporate value of Company A, mainly telling employees to devote themselves to building up a bright future for the company. In this case, expatriates intend to accept the fact that collective interest comes prior to individual interest. This, to some degree, can explain why the seven respondents felt uncomfortable with some managerial practices based on harmony at the beginning, but later adjusted themselves quickly-- we believe that indoctrinating corporate value helps. What is more, once expatriates have mindset that stands in line with the corporate value, they are more willing to stay passionate even if they had been
influenced in a bad way before.

To sum up, as a traditional value, Harmony could have positive impact on expatriate’s work adjustment, as it is treated as a matter of course in Chinese people’s mindset. On the other hand, Harmony would have potentially influenced expatriates’ work adjustment in a bad way; however, expatriates can adjust themselves back to positive status with the help of understanding corporate value, in order not to affect their work. Consequently, we propose that Harmony could have positive relationship with expatriate effectiveness; also, with collaborating with implanting corporate value, latent negative influence that created by Harmony would be eliminated.

5.2 Group Orientation

As motivated in the literature, the value of Group Orientation refers to a twofold meaning in two circumstance here: family-attached situation and group-orientated situation at work.

By considering the value of Group Orientation, Chinese MNEs intend to issue policies that concerning family (Wang et al., 2005). We assume that the family-concerned policies may positively relate to expatriate effectiveness. From the empirical findings, we note that most of the respondents are well aware of the family policy in their companies. A big portion of respondents claimed that family issue is crucial to their work; as a result, how the family policy acts would be important to their work. Furthermore, the respondents keep positive attitude to the existing family policy in their companies. At this point, a satisfying family-concerned policy would facilitate expatriate’s work in a good way. This can be extended to Wang et al.’s (2005) study, which stresses how managers or decision-makers see the value of Group Orientation and take advantage of it by developing a set of family policies-- as a matter of fact, this strategy turns out operating well from empirical perspective.

Under certain family-concerned policy, different opinions come up regarding expatriate effectiveness. As we supposed in the theoretical background, the family policies may have
impact on expatriates’ job performance, as they provide thoughtful considerations for expatriates and support their work abroad. A few responses from the respondents are consistent with the supposition, saying the policy did positively help with job performance. In addition, some voices sound neutral with emphasizing two-sided mind: some respondents believe it is highly relevant to personal choice (whether they decide to have family company or not), and either choice can affect job performance positively or negatively. In this case, it may be inferred that the value of Group Orientation does influence expatriate effectiveness. Nonetheless, the respondents who mentioned personal choice also stressed that it is important to consider personal adjustment within any situation for the sake of avoiding bad influence at work— if one can handle family issues well without influencing work, his/ her choice of family company seem insignificant to expatriate effectiveness. In other words, personal factors, with an emphasis on the ability to adjust oneself, should be taken into account when it comes to the discussion of Group Orientation and expatriate effectiveness. Therefore, we believe that the value of group orientation has positive influence to expatriate effectiveness in some levels; also, personal factors determine the influence of Group Orientation to expatriate effectiveness to some extent.

In regard to group-oriented work, all the respondents showed positive attitude saying they do not see it as a problem in terms of relationship between group and individual during performance appraisal— it is on the opposite side to our primary assumption in theoretical background. The reason for this is because the companies possess transparent performance appraisal system, which assures individual contribution being fairly evaluated. In this case, negative impact of Group Orientation does not exist in the sampling Chinese MNEs.

In summary, with regard to the first meaning of the value of Group Orientation, Group Orientation have positive impact on expatriate effectiveness through managerial practices (i.e. satisfying family policy); meanwhile, personal factors are crucial determinants that determine whether the value of Group Orientation has relationship with expatriate effectiveness. As for group-oriented work, little empirics supports the assumption that it would influence the performance appraisal result. Consequently, we propose that in terms of group-oriented work,
Group Orientation does not have direct relationship with expatriate effectiveness.

5.3 Central and Top-down control

The empirical findings reveal the fact that even if the influence of Central and Top-down control is waning, it still remains in the expatriate management of present Chinese MNEs and is capable of shaping the managerial practices and influencing work adjustment. In terms of the response of interviews, although all sampling companies provide two-way selection and the assigned employees are able to refuse the expatriate instructions, Central and Top-down control as one of crucial parts of Chinese institutional environment has restrained the exercise of discretion with regard to their expatriate assignment. The basic reason can be concluded to the “invisible pressure” of the hierarchy control. This “invisible pressure” essentially originates from the consequences of violating the instructions of company. For instance, one respondent stated that one of the consequence of refusing the assignment could be impeding the future career development.

According to the response, even though all sampling Chinese MNEs are going global in many ways, the corporate cultures of the MNEs are inherently raised upon the Chinese traditional culture which happens to be the informal constraints of institutions (North, 1990). Different from the internationalized corporate policies aiming to place high importance on openness, fairness and individual respect, those corporate cultures actually possess the inherent informal pressures in which Central and Top-down control can be regarded as one of typical part. As result of this, the influence of Central and Top-down control is able to be expressed in an imperceptible way. In other words, even if nowadays Top-down control within the Chinese MNEs has become different from previous prevalence, its invisible influence is still existing in the management of Chinese MNEs, including IHRM. Additionally, as result of the respondents of this study are all native-born Chinese and have very strong Chinese cultural and social background, in spite of their rich international experiences and exposures to the influence of western culture, it is expected that their cognition, perception as well as
behaviors can follow traditional Chinese manner to some extent when working in Chinese MNEs. Hence, in face of expatriation instruction from the top, employees who are assigned to international tasks by home companies are more likely to accept the assignment rather than to refuse the tasks due to the invisible pressure. However, drawing from the study of Peltokorpi and Froese (2009), those dispatched expatriates are less adjusted to general circumstances of their host countries and interactions of host-country nationals compared to self-initiated expatriates who made the decision of expatriation by themselves.

In terms of the illustration of empirics, all the respondents confirmed that they are the expatriates who were dispatched by home companies but not self-initiated. The basic reason why they attend the international assignments is mainly due to the performance responsibility. They think that they should be responsible for following and implementing the working instructions and assignments from superior because those are part of their job. Even in some instances, like leaving away from their families, some expatriates still choose to work abroad and convince themselves with self-adjusting. Yet in the light of aforementioned the difference between the dispatched expatriates and the self-initiated cross-cultural with regard to cross-cultural adjustment (Peltokorpi & Froese, 2009), those expatriates who accept expatriate instructions supposed to meet more obstacles than self-initiated expatriates do, as compared to self-initiated expatriates, they adjust to new environment in a passive way. According to Caligiuri (1997), the psychological adjustment to both working and non-working settings is positively related to expatriate performance. Therefore, once the expatriates failed to the adjustment of host countries’ either working or non-working environment, the maladjustment consequently hinders their work enthusiasm (i.e. work adjustment), then results in work inefficiency. Conclusively, we propose that Central and Top-down control is negatively related to the expatriate effectiveness of Chinese MNEs.

5.4 Guanxi

It is hard to define the influence of Guanxi on expatriate effectiveness in a specific way. Since
according to the empirical findings, the operation of Guanxi can be either damaged to overall fairness within the company or beneficial to cultivating business networking for expatriate tasks. And the influence brought by using Guanxi is also subjective, as the abuses of Guanxi may harm some of people’s rights and interests but benefit a few people. So in this study in order to clearly define, we give the priority to considering the interests of most of people and the overall influences. In this circumstance, aforementioned Guanxi in the part of literature review can be regarded as one of obvious roles of disturbing the work enthusiasm, as to the lack of impartiality. However, in terms of the empirical findings, as result of the constraints of strict rules and regulations (e.g. staffing policy) within the organizations, the impact of operating Guanxi on expatriate management is very little. During the course of interviews, when respondents further spoke of what the influences of using Guanxi are for their staffing process and expatriate daily function, all respondents confirmed that there is no negative influence, as basically in their companies there are no space for abusing Guanxi. The influence of operating Guanxi can be rarely happened. The results reveal that whether in the stage of expatriate selection, performance rating, there are actually no opportunities to breed abuse of Guanxi under the control of professional and institutional constructs. Hence, it can be concluded that under the strict regulations and rules, the use of Guanxi basically has no impact on either work adjustment or job performance of expatriates.

However, few respondents also observed that there are some benefits can be brought by operating Guanxi in their business conversations. Yet the definition of this Guanxi is different from the aforementioned one, which is named favor-seeking Guanxi, emphasizing the sincere and rule-based interactions that can provide the significant benefits for both business parties and ensure the business transactions (Fan et al., 2014). This favor-seeking Guanxi is based on the rules and also well accepted by western cultures. Even working in line with the western rules, the favor-seeking Guanxi can be still well functioned and foster more business opportunities, since it can cultivate the trust with business parties. The operation of favor-seeking Guanxi therefore is able to facilitate the work efficiency of expatriates in their daily tasks. In light of this, we conclude that as for favor-seeking Guanxi, it could positively
be related to expatriate job performance, but in general, the Guanxi factor would have no relationship with expatriate effectiveness.

5.5 Summary

Conclusively, we develop a discussion model based on the theoretical background and empirical findings, investigating the influence from Chinese institutional factors on expatriate effectiveness through managerial practices (see Figure 2). Relating to the theoretical model, this model is finalized with specific conditions that have been tested and summarized from empirical findings. Under certain conditions, the institutional factors would have positive or negative relationship with the expatriate effectiveness. In addition, a few influential factors that we assumed in theoretical model turn out to have distinct result.

Harmony plays a crucial role in Chinese people’s mindset. With indoctrinating particular corporate value, Chinese MNEs share the value of harmony with their expatriates, and thus improve work adjustment during international assignments. Likewise, originated from Chinese traditional norms, Group Orientation acts as social belief affecting people’s behavior, and it represents family attachment and group-oriented work in this thesis. From the perspective of family attachment, it is essential to have one satisfying family-concerned policy that can help expatriates enhance their job performance; personal factors play large role in determining one’s job performance through a positive or negative way. From the perspective of group-oriented work, the value of Group Orientation cannot influence expatriate effectiveness in a visible way. Central and Top-down Control is also embedded in Chinese mindset as a conventional sign. However, with the invisible pressure from hierarchical control, which may lead to reaction of refusing the assignment, the value of Central and Top-down control would negatively link to the work adjustment. Last but not the least, Guanxi serves as imperative social belief within Chinese institutional environment. Nevertheless, based on our research, it seems Guanxi does not relate to expatriate effectiveness effectually under rules and regulations within the organizations.
Figure 2: Discussion Model
6. Conclusion

Due to the feature of the ethnocentric oriented staffing policy (Perlmutter, 1969), EMNEs always happen to face the problem of how expatriates from home country can actively involve in the daily work of expatriation and improve their expatriate effectiveness in host country. In this thesis, we focus on the typical informal institutional environment that can implicitly shape the expatriate management practices, in order to examine the institutional factors that influence expatriate effectiveness.

The way of informal institutional factors shaping the expatriate management practices so as to influence the expatriate effectiveness is mainly embodied in three aspects: corporate value, corporate structure and the regulations. In the case of this study, the corporate value is recognized as intertwining with Chinese traditional informal factors, and still difficult to be separated regardless of how global the MNEs have now become. The corporate structure is also built based upon the traditional hierarchy concept which has already gone deep into the mindset of people and invisibly presented within the organization. Moreover, the restrictions of regulations have limited the negative influence brought by pedantic attachment of some informal institutional factors, for instance, the abuse of Guanxi.

The three aspects fundamentally influenced the formulation of IHRM practices in Chinese MNEs, thus intervened the management of expatriate effectiveness. Expatriate effectiveness consists of two major indicators (work adjustment and job performance), which are under control of expatriate management and individual expatriate during the entire expatriation process. Accordingly, the institutional factors are influencing expatriate effectiveness through the impact on expatriate management.

To answer the research question, we propose that four particular institutional factors may relate to expatriate effectiveness within Chinese MNEs through managerial practices. The value of Harmony is positively related with work adjustment by incorporating with corporate values, and the value of Group Orientation also has positive relationship on job performance under fine management practice (i.e. policy). Moreover, the value of Central and Top-down
Control leads to passive influence on work adjustment among expatriates because of the invisible pressure coming from hierarchy. However, Guanxi does not bring any pragmatic influence on expatriate effectiveness because of the existence of rules and regulations in organizations.

6.1 Theoretical and managerial contributions

This thesis has contributed to deepen the theoretical understanding of IHRM practices by showing the importance of considering the relationship between the inherent national cultures and expatriate management, developing a model with the informal institutional factors. It also addresses the research gap regarding the context of EMNEs, and their expatriate management. Through illustrating the case of Chinese MNEs, the established model can be used to examine the possible related factors of expatriate effectiveness throughout the expatriate management. In light of this, the enterprises are capable of mitigating the negative influence of employing inadequate managerial practices that shaped by some particular informal institutional factors. For instance, in this thesis, central and top-down control reveal the inherent hierarchy pressure of being excluded from expatriation staffing. In this case, even though the nowadays staffing practices of EMNEs have become more and more personalized (e.g. two-way selection), some of the cultural heritage still remains in organizational structure and personnel mindset, so as to hinder the implementation of progressive practices. Therefore, the enlightened managerial practices that concerned with institutional environments as well as personnel mindset are needed. As a practical example, concerning the influence of central and top-down control, when HR manager assign the expatriate, the selection process can be considering the candidate's’ personal intention at the most extent, thus reducing the compelled expatriation.
6.2 Limitations

Although we know the research objectives well and understand the appropriate examples, there are some limits exist. Firstly, the four perspectives of Chinese typical informal institutional environment may be inadequate to explain how typical Chinese informal institutions shape the expatriate management and consequently influence expatriate effectiveness. There are may be more other perspectives that we ignored can examine the issue. Secondly, the thesis is focused on Chinese context, aiming at using Chinese case to address the research gap regarding EMNEs. While it can explain the influential process of informal institutions within the context of EMNEs, the specific perspective of Chinese case may limit the generalizability of the theory to other emerging markets, as the Chinese informal institutional environment is too specific and deeply embedded in the society and people’s mindset. Therefore, the established theory of this thesis may not be generalized to the emerging markets in which present less embeddedness of informal institutions in the societies and people’s mindset. Thirdly, due to the time and financial constraints, the sampling only based on few subsidiaries located in Sweden and Finland, which may limit to empirical foundation so as to impact on generating a general pattern within the sampling companies. Finally, our interview skills may also limit access to more in-depth theories. The requirements of conducting semi-structured interviews are relatively high, as the interviewers demand the social sensitivity in reflection to obtained information regarding personal experiences, attitudes, and value-laden material (Ghauri & Grønhaug, 2010). However, interviewers’ lack of interview experience possibly disturb the collection and the interpretation of empirical data. Additionally, Saunders et al. (2009) point out that it is important to draw a valid conclusion by looking for alternative explanations and seeking for the answers of negative cases occurrence through analysis on data. However, the lack of experience may impede us access to intensive resources and therefore influence the validity of the conclusion.
6.3 Future research suggestions

The suggestions for future research are basically built upon the limitations of the thesis. As aforementioned, one of the limitations is providing the study with less perspectives of Chinese informal institutional environment. Therefore, in order to enrich the understanding and provide insight to the phenomenon, future research can take into account more perspectives regarding informal institutions in studying the influence of institutional factors.

In the stage of collecting empirical data, the interviewed subsidiaries and expatriates are few in numbers due to the time and financial restrictions. Even though it can provide us with in-depth understanding, extending the reach of more in-depth interviews from the selected group may contribute to discover more generalized pattern within the context of Chinese MNEs. As a result, the extra research time should be added in the future research, aiming to provide a high valuable understanding for the phenomenon of informal institutional environment shaping expatriate effectiveness.
Reference


Appendix A: Interview Guide

Part A: Introduction

• Self-introduction

• We will record the interview, is it okay for you?

• Do you have any questions before we start?

Part B: Personal information

• Could you please introduce yourself (name, age) and your background in the company (position, years of working, length of expatriate assignment)?

• How long have you been here for the assignment?

• Can you tell us about your expatriate task in Sweden/Finland?

• Can you tell us about your daily work contents?

Part C: Institutional factors and expatriate effectiveness

Harmony

• What do you think of the value of Harmony in your company?

• Is there any managerial practice happened to you focusing on collective interests instead of individual interest, during your expatriate period? For example, does the company assign you to the expatriate destination that you are not comfortable with? And if so, did it affect your work (e.g. work result, mood at work)?

Follow-up or detailed questions:

♦ In terms of the expatriate destination, did you feel free to choose where you want to go? Would you argue with your supervisor if you have different concerns about the assignment destination?

♦ What do you think of your own interest when comparing to the company’s interest?

♦ If your individual interest is conflicting with collective interest-- for example,
sending you to a place where you do not desire to go—would you argue for your own interest?

♦ If you do not satisfy with the upper decision during your expatriate period, do you ever feel bad? If so, will this kind of emotion influence your work, such as your mood at work, your work efficiency etc.?

**Group orientation**

- What do you think of Group orientation in expatriate management?
- Does your company consider any family benefits for the expatriate’s family? If not, does it affect your work?
- When in performance appraisal, does your company evaluate your performance by your group’s performance? Does it affect your work initiative?

**Follow-up or detailed questions:**

♦ Do you think family is important within the expatriation?
♦ Did you have concerns about family issue before you come abroad, or after you were abroad?
♦ Are you satisfied with the family policy in your company? Have you worried about the family issue under this certain corporate policy?
♦ If you do not satisfy with the family policy in your company, would it influence your work, i.e. work adjustment and job performance?
♦ Do you notice the system of performance appraisal in your company? Can you explain how it is?
♦ How do you measure individual contribution?
♦ How do you feel about it? Is it fair enough when you look at your own contribution and your group’s achievement?

**Central and Top-down control**
• How do you think of the hierarchical control in your company?

• Does every decision relevant to the expatriate has been discussed with your manager before the decision is made?

Follow-up or detailed questions:

♦ Is the hierarchical control still alive and well in your company?
♦ How do you usually communicate with your superiors?
♦ In regard to expatriate assignment, what is the consequence of rejecting it?
♦ Do you think it is normal to express disagreements in face of the instructions from superiors, for instance, expatriate assignment?
♦ Does the top-down control influence your work enthusiasm or work efficiency?

Guanxi

• What do you think of operating Guanxi in your company?

• During your expatriate assignment, have you ever experienced such a situation of operating guanxi?

• Do you satisfy the current performance examination system in your company?

• Do you think it is beneficial to your work adjustment and job performance?

Follow-up or detailed questions:

♦ Does the operation of Guanxi really damage the benefits of company?
♦ Can you explain us more about the performance examination system or the current regulations of your company?

♦ Why does those system and regulations prevent the spread of Guanxi operation?