Managers' International Experiences, their Advice Networks, and Performance in MNEs

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Abstract

To perform effectively in the context of MNE subsidiaries, subsidiary managers build and use 'dual advice networks', to access both HQ and local sources of knowledge. Through their international encounters, managers may build useful internal and external networks. However, despite potential performance benefits of subsidiary managers' international experiences in multinational enterprises (MNEs), relatively little is known about the exact types of international experiences and underlying mechanisms that may contribute to subsidiary-unit performance. In this context, this thesis aims to explore international experience and subsidiary performance relationship in MNEs that remains a relatively under-developed topic in the fields of International HRM (IHRM), taking particular account of the mediating effect of their dual advice networks - combined networks allowing them to access both HQ and local sources of knowledge and resources. Using a survey of 284 managers in South Korean MNEs, I find that when a subsidiary-unit manager has more international experiences in both the MNE's home and host country, they are more connected and contact more frequently, and gain more useful information or knowledge with dual advice networks in both HQ and the host country. In addition, I find that when a subsidiary unit manager has more international

experiences - in terms of the extent and duration - in both the MNE's home and host country, the subsidiary unit shows better performance, due to the size of the manager's dual advice networks across HQ and local parties.

This thesis contributes to the IHRM literature in novel ways. First, this thesis proposes international experience as an underlying dimension to capture emerging staffing options. Second, this thesis identifies international experience as an antecedent of social/ advice networks. Third, this thesis focuses on a subsidiary manager's advice network as a missing piece to research on international experience and subsidiary performance by finding international experiences matter for advice networks and subsidiary-unit performance by providing empirical evidence.

Keywords: international experience, resource based view, advice network, subsidiary performance, South Korean MNEs

DECLARATION

I confirm that this is my own work and the use of all material from other sources has been properly and fully acknowledged.

Chipoong Kim

January 2019

This work is dedicated to my wife and children:

To Eunjeong, who will follow my career path

To Sarang, who is bright and creative when she plays

To Yerang, who is always energetic and cheerful

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Chapter 1. Introduction

1.1. Research Purpose and Background

Globalisation has seen a rapid increase in the number of organisations expanding business into foreign countries (Takeuchi, Shay, & Li, 2008; Tarique & Schuler, 2010). Firms operating in international markets often face different conditions and kinds of competition from their home market (Roth, 1995). As a result, managers in MNEs generally need to understand different cultures, markets and institutional environments in order to be successful. Competitive pressures often require them to understand how international interdependencies among internal and external organisations are managed effectively across markets (Holtbrügge & Mohr, 2011).

For MNEs, the management of subsidiaries is a substantial challenge, particularly the trade-off between optimising subsidiary performance and corporate performance (Gaur, Delios, & Singh, 2007). For subsidiaries, they have to deal with not only the challenges in their own environment but also the relationship with corporate headquarter (HQ) (Birkinshaw, Hood, & Young, 2005). In other words, subsidiaries are embedded in the MNEs internal network as well as in their local business network (Achcaoucaou, Miravitlles, & León-Darder, 2014). Therefore, managing the dual embeddedness of subsidiaries is important for the success of MNEs operations in specific local contexts (Meyer, Mudambi, & Narula, 2011).

It is almost impossible to understand all aspects of environments (March & Simon, 1958), so MNEs' decision-making tends to be bounded by information, resources, and networks. Corporate HQs does not have enough information on the subsidiary's strengths and weaknesses or the opportunities and threats. Rugman and Verbeke (2003) apply the concept of bounded rationality to the global context. They argue that MNEs do not always make correct decisions on behalf of subsidiaries, since they suffer from insufficient insights about the context in which subsidiaries operate and have limited information-processing capabilities. For this reason, HQ may rely heavily on a greater number of expatriate parent country nationals (PCNs) when HQs are culturally distant from their subsidiaries (Colakoglu & Caligiuri, 2008). HQs may overcome the problems of bounded rationality where PCNs control subsidiaries and are able to align them with the interests of corporate HQs (Paik & Sohn, 2004; Collings, Scullion, & Morley, 2007). Consistent with this bounded rationality theory, it would be challenging for a subsidiary managers to have all the necessary information and knowledge across different locations without helps from relevant actors both at HQ and in the local environment (Harvey, Griffith, Kiessling, & Moeller, 2011).

MNEs can be seen as an internal market in which various business units compete for scarce resources. They may deploy resources in the pursuit of other purposes than global efficiency. Managers in the corporate HQ may be more concerned with subsidiary controls than profits. There is a tendency for the HQ' managers to withhold key firm-specific capabilities for fear of losing control over the subsidiaries. Hence, they may never transfer all capabilities to the subsidiaries (Chen, Chen, & Ku, 2012). On the other hand, subsidiary managers may be worried about the survival of subsidiary more than the global competitiveness of the MNE (Bouquet & Birkinshaw, 2008a; 2008b). Resource dependence theory (Pfeffer & Salancik, 1978) portrays a power game between HQ and subsidiaries. According to this theory, the dependence of one unit on another for resources puts the latter in a relatively weak position among units (Astley & Zajac, 1990; Wong, Ho, & Lee, 2008). There is a natural tendency for a subsidiary to attempt to differentiate itself from its parent firm by acquiring or accessing local resources to enhance its power within the organisation. As subsidiaries are embedded in local networks, they tend to leverage local resources in their internal competition (Chen et al., 2012).

Considering dual embeddedness, bounded rationality and resource dependency of subsidiaries in MNEs, the importance is increased of questions of how to staff subsidiary positions with appropriate managers and how to develop managers who possess the relationship with both internal and external organisations. The quantity and quality of global managers may be one of the most critical resources of an organisation’s capability to compete globally (Bartlett & Ghoshal, 1992), as subsidiary managers are faced with complex managerial roles involving the interests of the MNEs (Vora, Kostova, & Roth, 2007). Subsidiary managers who have the knowledge of whom to contact and the relationship with the individuals who can provide needed support may be able to overcome challenges to a subsidiary. However, the literature on international staffing in MNEs often focuses on staffing choices that assume no international experience: PCNs or host country nationals (HCNs). PCNs tend to lack relationships in host country, and HCNs do not have strong relationships in the parent country.

IHRM scholars have examined the relationship between subsidiary staffing choices and organisational and financial performance (Ando & Paik, 2013; Chang, Gong, & Peng, 2012; Colakoglua & Caligiuri, 2008; Colakoglu, Tarique, & Caligiuri, 2009; Gaur et al., 2007; Gong, 2003a; Gong, 2003b; Hyun, Oh, & Paik, 2014). According to this stream of the research, there are general tendencies in examining the relationship. First, the nationality of subsidiary managers such as PCNs and HCNs has been considered as a major dimension of the options for the subsidiary staffing options. Even though this approach offers general insights into subsidiary staffing, it might be too simplistic to capture the various patterns of subsidiary staffing in MNEs.

Second, in most prior research, the breadth of international experience has been measured by the number of countries where an executive worked in. However, I adopt the number of types of international experience in home and host country instead of the number of country because my focus of the research is not the total network of subsidiaries in MNEs but the relationship between home country and a certain host country. That is, in-depth experience in a certain country with various types including non-work experience (i.e. study abroad, cross-national development opportunities, travel, residence in the childhood or youth) that help expand understanding of the currently work in is more important that experience in several countries. In addition, I clarify what experience contributes to construct networks. More 'relevant international experiences' of subsidiary managers were measured by considering their dual advice networks across HQ and a host country, rather than measuring their 'general' foreign experiences which are not useful for performing the roles in the subsidiary effectively.

Third, previous studies on subsidiary staffing have mainly taken into account the external context such as cultural (Colakoglua & Caligiuri, 2008; Gong, 2003a) and institutional distance (Ando & Paik, 2013; Gaur et al., 2007) in addressing the relationship between staffing and performance. However, the intra-MNE factors such as accessibility to advice-seeking networks across MNE organisations have not been considered in explaining the staffing-performance relationship. Managers with international experience can build up network relationships within and outside of their organisations which offer a wide range of contacts geographically and culturally; and they can use these widespread networks for the benefit of the subsidiary (Mäkelä & Suutari, 2009). Subsidiary managers with prior international experience would be in a good position to build advice networks - a type of instrumental network that can promote task performance (Zhang & Peterson, 2011) - with key persons in different organisational entities (in corporate HQ, in subsidiaries, and with local stakeholders and managers in peer subsidiaries). There has been limited empirical research on how manager's international experience is related to their social networks in MNEs.

Lastly, previous studies have mainly measured performance at the 'overall' subsidiary level by using financial (i.e., return on investment (ROI), profit, sales growth, and market share) and non-financial measures (i.e., quality of products/ services, development of new products/ services, customer/ client satisfaction & retention, and duration of survival) (Berry, 2015; Li & Lee, 2015; Nguyen, 2011; Nguyen & Rugman, 2015; Zou, Zhang, & Ye, 2015). Thus, I focus on international experience and dual advice networks at the subsidiary-unit level, given that any subsidiary may be organised into a number of units specialised in different products, businesses and functions with different strategic priorities (Tsai, 2001).

This study aims to extend the literature by providing international experience as an underlying dimension to capture various staffing options in MNEs, and by investigating how subsidiary-unit managers' international experience is related to subsidiary-unit performance. More specifically, this study considers: (1) a multi-dimensional view of international experience (nature, location, and time of the experience) as well as nationality in conceptualising the subsidiary staffing options (e.g., HQ experience for HCN, pre-assignment host country experience for PCNs); (2) international experience as a antecedent of advice networks; (3) internal contingency factors - intra-MNE factors such as advice-seeking networks as a missing link to research on international experience and subsidiary-unit performance; (4) the concept of dual advice networks - combined networks allowing them to access both HQ and local sources of knowledge and resources - to overcome the dual embeddedness of a subsidiary; and (5) subsidiary-unit level performance in relation to a subsidiary unit manager that allows the researcher to explore more precise casual mechanisms between subsidiary staffing and performance at the finer level.

In explaining specific staffing practices of foreign subsidiaries, the studies adopted various theoretical perspectives which include agency theory (Gong, 2003a; Lam & Yeung, 2010), human capital theory (Georgakakis, Dauth, & Ruigrok, 2016; Schmid & Wurster, 2017), elite theory (Schmid & Wurster, 2017), transaction cost theory (Bonache-Perez & Pla-Barber, 2005), institutional theory (Gaur et al., 2007), knowledge-based view (Colakoglu, Tarique, & Caligiuri, 2009; Fang, Jiang, Makino, & Beamish, 2010; Sekiguchi, Bebenroth, & Li, 2011), and resource-based view of the firm (Barney, 1991; Jokinen, Brewster, & Suutari, 2008; Suutari & Mäkelä, 2007; Wernerfelt, 1984). In this study, the significance of international experience is explained with social learning theory, social capital theory, and resource based theory of the firm. International experience might help acquire useful information or knowledge of an international market (Lee & Sukoco, 2010; Piaskowska & Trojanowski, 2014) by increasing communication skills and willingness to interact with people from other countries, and to enhance future careers by building up social capital and providing future employment opportunities (Daily, Certo, & Dalton, 2000; Harzing, 2001a; Wolff & Moser, 2009). In addition, experience that is difficult to acquire in home country allows individuals to accumulate valuable, rare, inimitable and non-substitutable skills, expertise, tacit/ explicit work-related knowledge that may be firm-specific or potentially transferable across organisational boundaries (Daily et al., 2000; Inkson & Arthur, 2001).

1.2. Research Questions

The overall research question of the thesis is as follow:

“How do international experiences of subsidiary managers affect subsidiary-unit performance?”

This thesis provides three papers with respective sub-research questions, which coherently and comprehensively examine the overall research question.

(Paper #1)

- How does international experience, a key underlying dimension of subsidiary staffing options, capture various emerging staffing options in practice?
- How do subsidiary staffing choices with international experience of subsidiary managers affect their social capital and knowledge flows in multi-directions?

(Paper #2)

- How does international experience of subsidiary-unit managers affect their dual advice networks - combining networks in HQ and host countries - in MNEs?
    - Do particular types of international experience of a subsidiary-unit manager matter in explaining international experience-various aspects (i.e., size, strength, and benefits) of dual advice networks relationship in subsidiary units of MNEs?
    - How does the length of an expatriate’s international work experience affect various aspects (i.e., size, strength, and benefits) of advice network

in peer subsidiaries? Why are their advice networks in peer subsidiaries important?

    - How does the length of an expatriate's international work experience affect various aspects (i.e., size, strength, and benefits) of advice networks in HQ? Why are their advice networks in corporate HQ important?

(Paper #3)

- Whether and why is international experience important for addressing subsidiary-unit performance in MNEs?
    - Do particular types of international experience matter in explaining international experience-subsidiary performance relationship in subsidiary units of MNEs?
- Why does the degree of access to advice-seeking networks at HQ and subsidiaries matter in explaining the relationship between international experience and subsidiary-unit performance?
    - Does particular measurement of advice-seeking networks at HQ and subsidiaries matter in explaining international experience-subsidiary performance relationship in subsidiary units of MNEs?

1.3. Overview of the Three Papers of the Research

The three papers of the thesis are coherently organised under the main title, 'Managers' international experience, their dual advice networks and performance in MNEs'. The three papers generally fall under the umbrella of the broad theme of subsidiary staffing. It should be noted that they are independent research projects, even though they are using the same dataset.

Paper #1 suggests that international experience may be an underlying key dimension to capture full array of subsidiary staffing options, and discusses their implications for the development of social capital and knowledge flows in multi-directions.

Paper #2 examines how international experiences of subsidiary managers are related to the access to advice-seeking networks across MNE organisations. To perform effectively in the context of MNE subsidiaries, subsidiary managers build and use 'dual advice networks', combining social networks to access both HQ and local sources of knowledge. I explore whether and what types of subsidiary-unit managers' international experiences contribute to building such dual advice networks, differentiating along three key dimensions: nature (work/ non-work); location (home/ host/ third countries); and time (past/ current).

Paper #3 explores the mediating effect of dual advice networks on the relationship between subsidiary-unit managers' international experience and their unit performance. I examine whether and why subsidiary unit managers' international experiences across MNE home and host countries matter for their subsidiary-unit performance, taking particular account of the mediating effect of their dual advice networks.

1.4. Overview of Methodology

This study utilises a survey-based quantitative approach with the cross-sectional data from subsidiaries of 17 South Korean MNEs. Many South Korean MNEs are globally competitive players in their respective industry sectors (Kim & Tung, 2013).

In addition, semi-structured interviews are conducted with key informants who have decision-making authorities on subsidiary staffing to refine preliminary conceptual research models, hypotheses, and the measures developed from the literature review. The unit of analysis across all the papers is a business or functional unit in a subsidiary which can be defined as an organisational unit that directly reports to the head of a subsidiary. The sample size amounts to 284 subsidiary-unit managers in South Korean MNEs.

This study employs cluster analysis for dual advice networks, a multiple regression to test the relationship between various international experiences and dual advice networks, and SEM with a phantom variables approach to provide specific indirect effects of dual advice networks on the relationship between international experiences and subsidiary-unit performance.

1.5. Potential Contributions of the Research

This study provides empirical and theoretical contributions to subsidiary staffing research. First, in order to capture various staffing options in practice, this study suggests that international experience as an underlying dimension to capture diverse emerging subsidiary staffing options. It may be useful to re-examine traditional staffing option categories to reflect recent developments in various practices of global talent management and international working. It also discusses the relationship between international experience and organisational performance for future research on subsidiary staffing (paper #1).

Second, this study explores the antecedents to a subsidiary manager's social networks. International experience can be recognised as one of the most important factors directly linked to internal/ external advice network. This study provides empirical evidences to support the argument for the positive role of international experiences in building subsidiary-unit mangers' advice networks. I found that the more international experience a subsidiary manager has, the larger and stronger are advice networks in both internal and external organisations (paper #2).

Third, this study illuminates the relationship between a subsidiary-unit manager's international experience/ their dual advice networks and their unit performance. The impact of international experience on performance has rarely been examined. I provide novel insights and empirical results by finding a positive relationship between the extent of international experience and subsidiary-unit performance. In addition, a subsidiary-unit manager's advice networks were added as a potentially missing piece to research on international experience and subsidiary-unit performance. I found that size of advice networks mediated the relationship between international experience and subsidiary-unit performance rather than strength and benefits (paper #3).

In particular, paper #2 is different from paper #3 in terms of theory and methodological contributions. Theoretically, social learning theory and social capital theory are not covered in paper #3. The focus of paper #2 is on what types of international experience shape advice networks, but paper #3 explore how international experience affects subsidiary-unit performance in paper #3. Methodologically, structural equation modelling was adopted to analyse the mediating effect of dual advice networks on international experience-subsidiary unit performance relationship. In order to examine the mediating effect of dual advice networks, the relationship between international experience and dual advice networks was tested as in paper #2. However, the main focus of paper #3 is not this relationship but how international experience is related to subsidiary-unit performance via dual advice networks. Table 1-1 shows a comparision of potential contributions of paper #2 and #3.

[Table 1-1. A Comparision of the Potential Contributions of Paper #2 and #3]

Areas	Paper #2	Paper #3
Title	How does international experience impact subsidiary manager's dual advice networks?	Managers' international experience and subsidiary-unit performance in South Korean MNEs: the mediating effects of dual advice networks
Purpose	To explore whether and what types of subsidiary-unit managers' international experiences contribute to building such dual advice networks	To examine whether and why subsidiary-unit managers' international experiences across MNE home and host countries matter for their subsidiary-unit performance, taking particular account of the mediating effect of their dual advice networks
Results	1) The extent of international experience is more important than the duration of international experience in building advice networks in internal and external organisations ***(partially covered in paper #3)*** 2) The longer PCN expatriates (i.e., global careerists) spend in third countries, the fewer contact points they have for seeking advice from HQ ***(not covered in paper #3)*** 3) PCN expatriates' international work experience in third counties is not related to all advice networks with managers in peer subsidiaries	1) The extent of international experience is closely related to subsidiary-unit performance. But there is no relationship between the duration of international experience and subsidiary-unit performance ***(not covered in paper #2)*** 2) Only the effect of the size of dual advice networks mediates the relationship between both international experience and subsidiary-unit performance ***(not covered in paper #2)***

			(not covered in paper #3)	
Contri-butions	Theoretical contributions		1) Draw and add on social learning theory to IHRM research - Social learning through previous international experience can increase communication skills and willingness to interact with people from other countries 2) Apply social capital theory to IHRM research - International experience is suggested as a antecedent of social network, as it can provides extended networking opportunities which could provide benefits for a subsidiary	1) Draw and add on resource based theory to IHRM research - Subsidiary-unit managers with international experience are considered as unique strategic resources in a subsidiary as a key member of the TMT to improve performance
	Metho-dological contribu-tions	Sample	284 Subsidiary-unit managers	238 Subsidiary-unit managers
		Analysis	1) Cluster analysis for creating dual advice networks 2) Multiple and hierarchical regression (SPSS)	1) Cluster analysis for creating dual advice networks 2) Structural equation modelling (AMOS) to test the mediating effect

1.6. Outline of the Thesis

Chapter 1 has presented an overview of research regarding manager's international experience, advice network, and subsidiary performance in MNEs. I briefly discuss the background and the aims of the research, the research questions, research methodology, and the potential contributions of the research in the following.

Chapter 2 provides the definition and development of meta-theories used for explaining international experience-advice networks-subsidiary performance relationship. It also explores the three challenges of subsidiaries including dual embeddedness of a subsidiary, bounded rationality of HQ, and resource dependency of a subsidiary. Further differences of the notions of social capital, social network, and advice networks are reviewed extensively.

Chapter 3 presents an overview of the methodological design of the thesis. Specifically, we address the research approach, setting and methods for this research. I also present the unit of analysis and the justifications and implications for the selection of the Korean MNEs as the major research setting. This also includes the discussions of data collection, measurement of variables, descriptive statistics, and data analysis.

Chapter 4 (paper #1) is a review paper entitled *"Beyond nationality: international experience as a key dimension for subsidiary staffing choices in MNE."* I review extensively previous research on subsidiary staffing research, and suggest international experience as an underlying dimension to capture diverse emerging subsidiary staffing options. Further, I discuss the potential effects of a subsidiary manager's international on organisational performance.

Chapter 5 (paper #2) is an empirical paper entitled *"How does international experience impact subsidiary manager's dual advice networks?"* By employing a cluster analysis and a multiple regression analysis, this chapter explores what types of subsidiary-unit managers' international experiences may contribute to building their dual advice networks based on social learning theory and social capital theory.

Chapter 6 (paper #3) is an empirical paper entitled *"Managers' international experience and subsidiary-unit performance in South Korean MNEs: the mediating effects of dual advice networks."* I employ a structural equation modelling (SEM) to test the mediating effect of dual advice networks on the relationship between international experience and subsidiary-unit performance. In particular, we consider a number of control variables affecting independent, mediating and dependent variables in SEM. I illuminate more precise casual mechanisms among a subsidiary-unit manager's international experience, various aspects of advice networks (i.e. size, strength, and benefits), and their subsidiary-unit performance by drawing and adding on the resource-based view of the firm

Chapter 7 discusses the implications to the issue of subsidiary staffing choices, international experience, and social network in IHRM based on the findings of the three papers. I summarise the key findings for the research questions, and I address the detailed discussion on the specific research questions.

Chapter 8 provides an overview of the thesis and discusses the contributions of the thesis. This chapter addresses the theoretical contributions to the extant IHRM literature. Finally, this chapter closes with some of the limitations of this thesis and several suggestions for future research.

Chapter 2. Theoretical Background and Literature Review

2.1. Chapter Overview

This chapter provides an overview of the theoretical background on which this thesis is built. I also review both the theoretical and empirical literature on managers' international experience and identify the specific research gaps that this thesis aims to address. I begin with outlining the challenges for a subsidiary and discuss theories applied to international experience which constitute a central background of this research. While international experience has been used widely to explore international business, there seems to be a lack of research in International HRM research on how international experience has been conceptualised. This is followed by a discussion of the development of social capital theory and social network theory focusing on the internal and external relationships of a subsidiary-unit manager. This chapter then addresses the impact of social capital/network on subsidiary performance. Finally, I discuss the research gaps and further development opportunities, in order to explain chapters 4~6 (paper #1~#3).

2.2. Three Challenges of a Subsidiary

2.2.1. Dual Embeddedness of a Subsidiary

Subsidiaries in the MNE retain internal MNE networks as well as external relationship (Bouquet & Birkinshaw, 2008b). A subsidiary may enhance our understanding of how to influence organisational decision-making processes for future corporate business strategy on behalf of a subsidiary by building a strong relationship with HQ (Björkman, Barner-Rasmussen, & Li, 2004; Kostova & Roth, 2003). Simultaneously, subsidiaries are required to be good members of the MNE, implementing their mandates imposed by the HQ to maintain their legitimacy within the MNE (Kostova & Roth, 2002).

External embeddedness has a positive impact on the strong position in the MNE network (Andersson, Forsgren, & Holm, 2007; Mudambi & Navarra, 2004). A subsidiary can obtain new opportunities in the local environment through its entrepreneurship (Rugman & Verbeke, 2001) and the acquisition of value-adding resources, especially knowledge (Birkinshaw et al., 2005). However, if subsidiaries act for their own interests (i.e., increasing their own power within the MNE network) rather than for the overall success of the MNEs (Mudambi & Navarra, 2004), HQ may take controls over their subsidiaries and guide them to work for the success of the MNE as a whole (Harzing, 1999).

Association between internal and external networks is often considered as a trade-off (Ciabuschi, Holm, & Martin, 2014). The more a subsidiary is embedded with an internal MNE network, the less it engages in external relationships, and vice versa. To maintain the right balance between internal and external embeddedness is crucial for subsidiaries' performance and survival (Kostova & Zaheer, 1999). When a subsidiary faces incompatible business interests between internal and external networks, it is often required to combine and reconcile interests of HQ and external stakeholders to ensure that it pursues consistent goals (Forsgren, Holm, & Johanson, 2005). As a result, a primary concern of a subsidiary may be the right balance between internal and external embeddedness that imposes conflicting pressures.

2.2.2. Bounded Rationality of a HQ

Bounded rationality refers to an individual's cognitive limits to process and interpret a large volume of complex information in their decision-making process (Simon, 1979). Bounded rationality constructs that managers are not rationally perfect in the organisation (Hammond, Keeney, & Raila, 1998). Coping with a complex environment with their limited abilities and information, individuals may make biased decisions (Hilary & Menzly, 2006; Smith & Winkler, 2006).

It is also impossible to understand all aspects of environments in MNEs (March & Simon, 1958). MNEs' decision-making is bounded by information, resources, and networks. Corporate HQ may not have sufficient information of the subsidiary's strengths and weaknesses or the opportunities and threats. Rugman and Verbeke (2003) apply the concept of bounded rationality to the global context to argue that MNEs do not always make correct decisions on behalf of a subsidiary, since they may suffer from insufficient insights about the context in which subsidiaries operate and have limited information-processing capabilities. Consistent with this bounded rationality approach, Colakoglu and Caligiuri (2008) found that HQ may heavily rely on a greater number of PCN expatriates when HQs are culturally distant from the subsidiary. HQ may overcome the problems of bounded rationality as PCN expatriates control subsidiaries aligned with the interests of corporate HQs (Collings et al., 2007; Paik & Sohn, 2004).

2.2.3. Resource Dependency of a Subsidiary

MNEs can be seen as an internal market where various business units compete for scarce resources. The different sub-organisational units that constitute the MNE are constantly contested power (Andersson et al., 2007).

A subsidiary's power in MNEs depends on resource-dependency with HQ. Resource dependence theory (e.g., Pfeffer & Salancik, 1978) portrays resource dependency as a power game between HQ and subsidiaries. HQ may deploy resources in the pursuit of other purposes than global efficiency. Managers in the HQ may be more concerned with subsidiary controls than profits. There may be a tendency for them to withhold key firm-specific capabilities for fear of losing control over the subsidiaries. Hence, they may not transfer any capabilities to the subsidiaries (Chen et al., 2012).

On the contrary, subsidiary managers may be more concerned about the survival of their own subsidiary than the global capabilities of the MNE (Bouquet & Birkinshaw, 2008a; 2008b). According to resource dependence theory, the dependence of one unit on another for resources puts the latter in a relatively weak position among the units (Astley & Zajac, 1990; Wong et al., 2008). A subsidiary's resource dependency on HQ is linked to its ability to leverage economic opportunities that may emerge in the local environment (Pfeffer & Salancik, 1978). It seems to be a natural tendency for a subsidiary to attempt to differentiate itself from its parent firm by acquiring or accessing local resources to enhance its power within the organisation. As subsidiaries are embedded in local networks, they tend to leverage local resources in their internal competition (Chen et al., 2012). By developing specialised knowledge, expertise or technologies with local business partners, subsidiaries can transfer these elements to other subsidiaries or throughout the whole MNE (Andersson et al., 2007; Forsgren et al., 2005).

2.2.4. The Natures of HQ-Subsidiary Relationship

In order to overcome these challenges, the nature of HQ-subsidiary relationship should be examined. I connect theories with the relationship between HQ and subsidiaries in MNEs based on the insights from international business literature and show how such relationships play an important role in fulfilling the three conditions, as I believe that more explicit consideration of these three conditions would complement and extend the current view on theories suggested in the study.

There are two main perspectives on the HQ-subsidiary relationship in the literature on international business (Mudambi, Piscitello, & Rabbiosi, 2013). A HQ-oriented view considers a parent firm as a main developer of firm-specific advantage and emphasises the efficient exploitation of the MNE's ownership advantages possessed by parent firms in many other locations (Cantwell & Narula, 2001; Dunning & Lundan, 2008). On the other hand, some scholars regard a subsidiary as an independent entity in the decentralised organisational networks in the MNE (Doz & Prahalad, 1991; Ghoshal & Bartlett, 1990), and emphasise subsidiaries' own competence-creating and distributing roles in the MNE network (Cantwell & Mudambi, 2005; Mudambi & Navarra, 2004).

A 'mixed-motive dyad' approach - interdependency and independence (Ghoshal & Nohria, 1989) would be better in explaining how these conditions are fulfilled. If a subsidiary has its own competencies acquired by networks and a vertical relationship with HQ, they can overcome dual embeddedness - dealing with local business and the relationship with HQ simultaneously - more effectively by using their dual networks. In order to reduce resource dependency on HQ, and to overcome the bounded rationality of a subsidiary, subsidiaries need to develop their own competences in local operations to maintain autonomy, power and position within the MNE network (Andersson et al., 2007; Mudambi & Navarra, 2004). Simultaneously, a subsidiary bears pressures from HQ which doesn't have enough information on the context the subsidiaries operate in to acquire substantial resources, and also attempts to affect HQ's decision for subsidiaries by behaving as a good member of the MNE (Kostova & Zaheer, 1999; Nohria & Ghoshal, 1994).

2.3. Nationality-based Subsidiary Staffing Choices and Subsidiary Performance

2.3.1. Nationality-based Subsidiary Staffing

The status of a subsidiary manager as a PCN or HCN is a key dimension of staffing options (Collings et al., 2007; Dowling, Welch, & Schuler, 1999; Kobrin, 1988; McPhail, Fisher, Harvey, & Moeller, 2012; Suutari, Brewster, Riusala, & Syrjäkari, 2013; Vo, 2009).

PCNs are the most expensive subsidiary staffing option in any internationally operating organisations (Brewster, Carey, Grobler, Holland, & Wärnich, 2009). They control subsidiaries in congruence with the goals and interests of the parent firm, as they are believed to understand and internalise the values and beliefs of the parent company (Collings et al., 2007; Gong, 2003a; Paik & Sohn, 2004). They facilitate the communication process between the parent company and its subsidiaries (Downes & Thomas, 2000; Riusala & Suutari, 2004). Therefore, PCNs remain a valuable staffing option for MNEs despite the high cost. However, PCNs may have less knowledge of local markets and the host business environment, insufficient local business networks and incomplete communication with local partners (Tan & Mahoney, 2006). These disadvantages of PCNs may increase potential costs of subsidiary operations and prevent effective learning from local operations (Edström & Galbraith, 1977; Thompson & Tambyah, 1999).

On the other hand, HCNs may effectively respond to the conditions and requirements of the host country, as they are already familiar with the cultural, economic, political, and legal environment of the host country (Tarique, Schuler, & Gong, 2006). They are likely to have greater knowledge of local business environments and social capital within host countries, which may help the MNE to obtain valuable local resources. Their rich knowledge of local markets and institutions may also help MNEs not only to reduce dynamic adjustment costs (Tan & Mahoney, 2005), but also to facilitate learning of host country business (Edström & Galbraith, 1977; Thompson & Tambyah, 1999). Therefore, HCNs may be able to negotiate more effectively with local suppliers, buyers, and governments by using their in-depth indigenous local knowledge (Harzing, 2001b). In addition, by utilising more local talents in subsidiaries, MNEs may effectively overcome various kinds of liabilities of foreignness (Zaheer, 1995) stemming from institutional differences, cultural and language barriers, and the lack of local networks. However, HCNs can also bring about some difficulties in utilising the MNE's knowledge due to their lack of working experiences with HQ, knowledge of the MNE (Roth & O'Donnell, 1996), and familiarity with the parent country culture. In addition, they may be more likely to act against the MNEs' strategic objectives and goals undermining the HQ's control over subsidiaries due to their incomplete understanding of the strategic role of subsidiaries with the MNE network (Hewett & Bearden, 2001; O'Donnell, 2000).

The extant studies on subsidiary staffing often assume that PCNs and HCNs are the major subsidiary staffing options for MNEs (Harzing, 2001b). However, MNEs can also utilise third country nationals (TCNs) who are "neither nationals of the assignment country nor of the country in which the HQ is located (Bahn & Cameron, 2013)". While some recent conceptual contributions have recognised the significance of TCNs as a staffing choice (Gong, 2003b; Tarique et al., 2006; Tarique & Schuler, 2010), there has been limited work on the actual extent to which MNEs use them (Collings, Morley, & Gunnigle, 2008; Tungli & Peiperl, 2009). Theoretically, TCNs have several distinct characteristics in terms of cost and language (Gong, 2003b; Tarique et al., 2006). They are often less expensive to maintain than PCNs. In addition, they are usually better informed about the host country environment than PCNs which may reduce any potential language barriers when they are transferred from a country that shares the language with the subsidiary (Dowling, Festing, & Engle, 2008). Moreover, some TCNs may be more willing to accept an international assignment than PCNs due to limited labour market opportunities in their country of origin, hence expanding the pool of available workforce within the MNEs (Tarique & Schuler, 2010). However, TCNs may lack familiarity with the host country's culture and the MNE's corporate culture. They may be socialised at the parent country HQ to develop familiarity with the MNE's corporate culture and also at the host country subsidiary to develop familiarity with the cultural, economic, political and legal environment of the host country (Tarique et al., 2006).

2.3.2. Subsidiary Staffing Choices and Performance

Considering the critical role of human resources in enhancing subsidiary performance of MNEs, IHRM scholars have examined the relationship between subsidiary staffing choices and performance (Ando & Paik, 2013; Chang et al., 2012; Colakoglua & Caligiuri, 2008; Colakoglu, Tarique, & Caligiuri, 2009; Gaur et al., 2007; Gong, 2003a ; Gong, 2003b; Hyun et al., 2014).

While some studies found that subsidiary staffing choices may improve the organisational and financial performance of subsidiaries (Beechler, Pucik & Campbell, 2005; Chang, Gong & Peng, 2012), other studies have also explored the role of a heterogeneous staffing composition in promoting constructive communication and the adoption of innovations (Gong, 2003b; Hambrick, Cho, & Chen, 1996).

Staffing of PCNs may improve performance of subsidiaries (Beechler et al., 2005; Chang et al., 2012). According to Gong (2003a), given that the increasing diversity of tasks and the varied institutional environments in culturally distant locations, bureaucratic control (e.g., extensive behavioural monitoring, rigid rules and regulations) becomes less viable or effective whereas control through trustworthy becomes more advantageous in managing the increasing uncertainty. Over time, PCNs may socialise HCNs into their corporate cultures. As a result, the HQ may eventually be able to exercise cultural control over subsidiaries without expatriates. Thus, continuous heavy reliance on PCNs may also damage the subsidiary's local legitimacy after the HCNs have gained knowledge and skills from PCNs.

In addition, ample evidence suggests that HCNs' learning about the host country may enhance subsidiary financial performance, as they may more easily acquire knowledge of local channels of distribution, customer preferences, cultural values, and political environments rather than PCNs. This may be a driving force behind subsidiary performance as such knowledge cannot be obtained easily (Inkpen & Beamish, 1997; Luo & Peng, 1999).

In sum, a subsidiary may reduce its dependence on other firms and improves its competitive position by learning technological and managerial skills from its parent firm and firms in the host country (Inkpen & Beamish, 1997) by using appropriate subsidiary staffing choices. By learning from the parent firm, the host environment and even third countries, a subsidiary can develop a better understanding of how to think globally yet act locally (Harvey, Speier, & Novicevic, 1999).

2.3.3. Heterogeneous Staffing Composition and Performance

Research on subsidiary staffing composition has mainly examined the proportions of PCNs or HCNs of all employees or managers of a subsidiary classified as a PCN-dominant type or HCN-dominant type (Ando & Paik, 2013; Collings et al., 2008; Gong, 2003b). A mix of PCNs and HCNs in the workforce may provide benefits necessary for successful performance (Lam & Yeung, 2010). A combination of both (i.e., a balanced workforce rooted in different experiences in terms of nationality, tenure, education, and age, etc.) promotes constructive debates and strategic innovations in the form of technological and administrative innovations, entry into new product markets and superior team performance (Hambrick et al., 1996).

Organisational researchers who have recognised the heterogeneous nature of the workforce have increasingly focused on the dynamics of teams made up of multinational and multicultural members (Snow, Snell, Davison, & Hambrick, 1996). However, an earlier discussion suggests that a heterogeneous staffing composition eventually leads to low subsidiary performance due to the negative effects on the affective and behavioural integration within subsidiary. Smith and colleagues (1994) showed that low cohesion leads to low performance as measured in terms of ROI and yearly growth in sales. A meta-analysis proposed that low cohesion is associated with low performance as well (Evans & Dion, 1991). Pelled, Eigenhardt and Xin (1999) also showed that heterogeneous groups tend to be less integrated, and have higher conflicts and turnover.

In this context, Gong (2003b) argued that heterogeneous staffing composition is positively related to performance by suggesting a conceptual global staffing model. In this model, the author divides performance into affective, behavioural, cognitive, strategic, and financial performance, and builds on the theoretical contributions of a heterogeneous staffing composition to facilitate innovation and organisational learning. Gong (2003b) argues that a heterogeneous staffing composition may allow a communication structure that facilitates the adoption of innovations. A subsidiary can accumulate resources from various national groups and the diverse sources of knowledge that coexist within it lead to internally generated innovations. In order to stay ahead of competitors, a subsidiary may need to continuously differentiate itself or reduce costs through innovative products and services as an innovative subsidiary may be able to better adapt to the changing global environment (Evans, 1986).

[Table 2-1. Previous Studies on Subsidiary Staffing Choices]

Subsidiary staffing	Authors	Theory/ perspective	Independent variables (relationship)	Moderating/ moderating variables	Dependent variables	Research setting/data
PCNs	Beamish & Inkpen (1998)	Resource based theory, transaction cost economics	Subsidiary age (-)	-	The number of expatriates	[Archival] 3,263 Japanese subsidiaries
	Delios & Björkman (2000)	Resource based theory, transaction cost economics	Subsidiary ownership (+) Subsidiary size (+) Number of subsidiaries (-)	Location of subsidiary (+)	The number of expatriates	[Archival] 797 subsidiaries of Japanese MNEs in the US (417) and China (380)
	Downes & Thomas (2000)	Knowledge based view, organisational learning	Country experience (+, curvilinear) Firm internationalization (-, curvilinear)	-	Proportion of US nationals to all professional, Proportion of expatriates to total number of professional	[Survey] 235 subsidiaries and 32 MNEs belong to U.S. Fortune 500 MNEs in computers/office equipment and electronics industries, petroleum refining and chemicals industries
	Harzing (2001b)	Resource based theory, transaction cost economics	Home country uncertainty avoidance (+) Parent firm size (level of total sales) (+) Level of education in host country (-) Cost of living in host country (-) Subsidiary ownership (+) Subsidiary size (employees) (+) Subsidiary age (-) Subsidiary performance (-) Entry mode: acquisition (-)	-	Likelihood of a PCN in top management positions in foreign subsidiaries	[Archival] 2,689 Subsidiary from more than 200 MNEs from 11 different home countries [Survey] 239 subsidiaries, located in 22 countries operating in 8 industries, headquartered in Japan, the US, and seven European countries
	Gong (2003a)	Resource based theory, agency theory	Cultural distance (+)	The length of subsidiary operation (+)	Proportion of expatriate PCNs in overseas subsidiaries	[Archival] Workforce and CEO level study: 695 Japanese

Subsidiary staffing	Authors	Theory/ perspective	Independent variables (relationship)	Moderating/ moderating variables	Dependent variables	Research setting/data
					at workforce and TMT levels, The likelihood of staffing subsidiary CEO positions with expatriate PCNs	subsidiaries operating in 48 countries, From 8 MNEs, TMT level analysis: 400 subsidiary TMTs from 28 Japanese MNEs
	Belderbos & Heijltjes (2005)	Agency theory, resource dependence theory, organisational learning theory	Local sales ratio of the subsidiary (-) Equity stake of the parent (ownership) (+) Relative size of subsidiaries (+) Subsidiary experience (age) (-) Host country experience of the parent (-) The size of vertical keiretsu (-)	-	The likelihood that a PCN will be assigned as managing director	[Archival] 844 Japanese manufacturing affiliates located in 9 Asian countries operating in the electronics industry
	Gaur, Delios, & Singh (2007)	Institutional theory	Institutional (regulative and normative) distance (+)	Subsidiary age (+)	The likelihood of the subsidiary general manager being a PCN expatriate (binary measure), Proportion of PCN expatriates in the workforce of the subsidiary	[Archival] 12,997 subsidiaries of 2,952 Japanese MNEs operating in 48 countries
	Colakoglu & Caligiuri (2008)	Transaction cost economics	Cultural distance (+)	-	The ratio of expatriates in the workforce	[Survey] 52 responses from managing directors of US subsidiaries of MNEs from 18 different countries
	Widmier, Brouthers, & Beamish (2008)	OLI framework	Parent firm FDI experience (+) Cultural distance (-) Host country market risk (+) Host country GDP per capita (+) Parent firm host country	-	The percentage of PCN expatriates in the foreign subsidiaries' workforces	[Archival] 366 new Japanese subsidiaries operating in 40 countries

Subsidiary staffing	Authors	Theory/ perspective	Independent variables (relationship)	Moderating/ moderating variables	Dependent variables	Research setting/data
			experience (-)			
	Ando & Paik (2013)	Resource based view, institutional theory	Institutional distance to the ratio of PCN expatriates in the subsidiary (-) Institutional distance to the number of PCN expatriates in the subsidiary (+)	Overseas business experience (+)	The proportion of PCNs to foreign subsidiary employees, the number of PCNs (separate test)	[Archival] 2,980 subsidiaries of Japanese manufacturing MNEs, which operate in 41 countries
	Peng & Beamish (2014)	Resource dependence theory, organisational learning theory	Subsidiary size (number of employees) (U-curve)	-	The ratio of the number of PCN expatriates to that of total employees in the subsidiary	[Archival] 63,993 observations of 11,754 subsidiaries operating in 67 countries established by 1,296 Japanese firms
	Hyun, Oh, & Paik (2015)	Resource based view, upper echelons theory, institutional theory	The ratio of expatriates in subsidiary management team (+) The ratio of expatriates in subsidiary employee group (+)	Host country institutional quality (+)	Labour productivity of the subsidiary	[Archival] 927 observations during 2005-2007 of 401 subsidiaries of South Korean manufacturing MNEs operating in 35 countries
	Harzing, Pudelko, & Reiche (2015)	Knowledge based view, resource based view	Having expatriate as a managing director in R&D subsidiaries (-) Having expatriates as a head of more localised functions (logistic and HRM) (+)	-	Reverse transfer of functional knowledge from subsidiaries to HQs	[Survey] 817 online and mail responses from subsidiaries operating in 13 countries
PCNs with host country experience	Doherty, Dickmann, & Mills (2011)	-	The motives to move abroad: location, host country reputation, future career (+) (company-backed vs. self-initiated expatriates)	-	The decision for accepting expatriation	[Survey] 522 individuals who had gone abroad to work from web page (www.expatica.com)
	Wang & Tran (2012)	-	Pre-departure cross-cultural training (+), post-arrival cross-cultural training (+), language training (+)	Expatriates' adjustment (+) *partially mediates	Expatriates' job performance	[Survey] 114 expatriates and their supervisors in Vietnam

Subsidiary staffing	Authors	Theory/ perspective	Independent variables (relationship)	Moderating/ moderating variables	Dependent variables	Research setting/data
	Suutari, Brewster, Riusala, & Syrjäkari (2013)	-	Short-term assignments (+) (project work, commuter assignments, virtual international working)	-	Benefits for assignees and the company	[Interview] 20 line managers, HRM staff, and assignees in a Finnish MNE
	Wurtz (2014)	Social learning theory	Pre-departure cross-cultural training, in-country cross-cultural training (+)	-	Expatriate professional performance	[Survey] 206 expatriates in a French MNEs
	Dickmann, Suutari, Brewster, Mäkelä, Tanskanen, & Tornikoski (2016)	Career development theory	Working abroad (assigned expatriate, self-initiated expatriates) (+)	-	Career capital (knowing-how, knowing-whom, knowing-why)	[Survey] 209 individuals who were assigned expatriate or self-initiated expatriates in 2004 (their career success is measured 8 years later)
	Suutari, Brewster, Mäkelä, Dickmann, & Tornikoski (2018)	Human capital theory	International work experience (assigned expatriate > self-initiated expatriates)	-	Internal marketability, career satisfaction, promotion	[Survey] 433 individuals who were assigned expatriate or self-initiated expatriates in 2004 (their career success is measured 8 years later)
PCN with third country experience	Dickmann & Harris (2005)	Resource based theory	International assignments (+) (organisational and individual perspectives)	-	Global managers' career capital (knowing-why, knowing-how, knowing-whom)	[Interview] 14 individuals from the Finance and Sales and Marketing divisions un the UK based HQs
HCNs	Vo (2009)	-	Early selection of high potential staff and fast track systems (+) (US), identification of talent (Japan)	-	MNEs localisation of human resources within their subsidiaries	[Interview] US and a Japanese automotive MNE operating in Vietnam
	Varma, Pichler, & Budhwar, (2011)	Social exchange thoery	Ethnocentrism (+), perceived values similarity (+/-), collectivism (+), HCNs, gender,	HCNs categorisation (+)	Role information, social support, and categorisation	[Survey] 493 HCNs in the UK
	Dickmann, Parry, & Keshavjee (2017)	Resource based theory, institutional theory	Resource based influences (+), capability based influence (+), institutional influence (+)	-	Decision of local staff in a hostile environment	[Interview] 18 CEOs and HR managers, local managers, and expatriates from 4 organisations

Subsidiary staffing	Authors	Theory/ perspective	Independent variables (relationship)	Moderating/ moderating variables	Dependent variables	Research setting/data
HCNs with home country experience	Furusawa & Brewster (2015)	-	Japanese-affiliated companies (+), living and working in Japan (+)	-	*Nikkeijin* is regarded as valuable human resources, *Dekassegui* persons are more valuable than the people who stayed in Brazil for Japanese MNEs	[Survey] 1) 180 Japanese affiliated companies 2) 157 *Nikkeijin* (Japanese immigrants and their descendants)
	Murakami (2017)	Knowledge management theory, gravity model	Country factors: geographic distance (+), cultural distance between the home and host countries (+), GDP per capita in the subsidiary's host country (-), Individual MNE factor: subsidiary size (+), R&D budget (+), parent firm size (+), the execution of collaborative R&D projects between a subsidiary and its parent firm (+)	-	Inpatriation	[Survey] 137 overseas subsidiaries of Japanese MNEs
TCNs	Selmer (2002)	Sociocultural and psychological adjustment	Nationality of TCNs (+) (Asian vs. Western countries)	-	General, interaction, and work adjustment to China	[Survey] 1) 154 expatriates assigned by Western firms to China, 2) 59 overseas Chinese expatriates assigned to China by Western firms

2.4. Theories for International Experience

2.4.1. International Experience in International Business Research

International experience in international business research implies the experience that firms accrue from operating internationally, and is a key concept in explaining firm internationalization patterns (Clarke, Tamaschke, & Liesch, 2013).

This stream of literature has mainly examined the impacts of international experience on knowledge transfer (Delios & Beamish 2001; Magnusson, Westjohn, & Boggs, 2009), location decisions (Kim, 2014; Lu, Liu, Wright, & Filatotchev, 2014), and entry mode choice (Dikova & Van Witteloostuijn 2007; Dow & Larimo 2009; Sabina & Bo Bernhard, 2011).

First, prior international experience can help firms to get access to local knowledge through collaborations with local firms and building local networks with local stakeholders, and overcoming the liability of foreignness (Peng, 2001). Firms expand into distant international markets as they gain experiential knowledge through international experience. International experience leads to the accrual of knowledge (Eriksson et al. 1997) as well as capabilities (Brouthers, Brouthers, & Werner, 2008; Carlsson, Nordegren, & Sjoholm, 2005), and gives rise to firm specific advantages that can be determined by reference to the knowledge accrued from their experience (Clarke et al., 2013).

Second, firms operating in foreign countries encounter unfamiliarity and discrimination costs associated with their foreign operations (Miller & Eden, 2006), so prior experience and perceived business familiarity with a host country may encourage firms to continue to select it for new further investments instead of choosing another new country.

Third, the importance of prior international experience in a particular host country may decline in relation to foreign direct investment (FDI) entry when firms operate in a well-established and supportive institutional context (Lu et al., 2014). Research on how international experience is related to entry mode suggests that international assignment experience at the top management team (TMT) level may reduce the uncertainty of the international expansion of firms (Athanassiou & Nigh, 2002; Tihanyi, Ellstrand, Daily, & Dalton, 2000). Executives with knowledge of foreign cultures and business practices through international experience typically perceive FDI positively (Carpenter, Sanders, & Gregersen, 2001). However, executives without international experience are more likely to prefer joint ventures to green field investments and acquisitions, as they tend to overestimate risks and underestimate associated returns (Herrmann & Datta, 2006).

2.4.2. International Experience in International HRM Research

2.4.2.1. Purpose of International Assignments

The most widely recognised and long-standing typology of main motives in transferring managers abroad was developed by Edström and Galbraith (1977). They proposed a distinctive three-fold subdivision of international assignments based on assignment purposes: fill positions, develop managers, and develop organisation.

First, filling the position is a main concern with the transfer of technical knowledge to developing economies when suitably qualified HCNs are not available. Second, as a means of management skills and know-how development, MNEs may develop managers who are eligible for doing significant amounts of international business by providing them long-term potential international experiences. Third, as a means of organisational development, transferring managers aim at increasing knowledge transfer within the MNE and modifying and sustaining organisational structure and decision processes as an integral part of control and coordination of decentralised organisation units. Edström and Galbraith (1977) provide a useful typology for the consideration of why MNEs deploy managers, although assignments generally have more than one rationale (Belderbos & Heijltjes, 2005; Delios & Björkman, 2000).

Hocking et al. (2004) extended Edström and Galbraith's (1977) classification of international assignments by explaining the underlying strategic significance of the categories and their relationships. According to Hocking et al. (2004; 2007), the principal purposes of international assignments comprise three key categories: business applications (i.e., the role of the expatriate as a knowledge sender rather than recipient), organisation applications (i.e., expatriate's role in the direct contribution to organisational maintenance and growth), and expatriate learning. In particular, expatriate learning refers to either business or organisation related knowledge acquisition by the expatriate, which is equivalent to the two knowledge application categories: business applications and organisation applications.

Harzing (2001a) identified three specific control roles of expatriates: the bear, the bumble-bee, and the spider. Bears replace the centralisation of decision-making in MNE and supervise subsidiary operations. The title highlights the degree of dominance these assignees have over subsidiary operations. Bumble bees fly 'from plant to plant' and create cross-pollination among subsidiaries (Harzing, 2001a: 369). These expatriates can be used to control subsidiaries through socialisation of HCNs and the development of informal communication networks. Spiders control through the weaving of informal communication networks within the MNE. Harzing (2001) argues that although expatriates generally appear to perform their role as bears regardless of the situation, they should play other roles for better understanding specific contexts. Specifically, while the bumble bee role appeared to be important in newly established subsidiaries, both the bumble bee and spider roles seem to be more important in longer established subsidiaries. Moreover, the level of localisation of subsidiary operations and lower levels of international integration were positively related to the likelihood of expatriates performing the bumble bee and spider roles.

2.4.2.2. Nature of International Experience

MNEs can accumulate international experience in a number of ways. First, MNEs can develop international experience through international assignments (Hamori & Koyuncu, 2011; Shaffer, Kraimer, Chen, & Bolino, 2012). International assignments are a powerful mechanism for managers to acquire new business skill sets, international perspectives, and basic cross-cultural assumptions (Furuya, Stevens, Bird, Oddou, & Mendenhall, 2009; Riusala & Suutari, 2004; Shin, Morgeson, & Campion, 2007). Work experiences which transcend national boundaries are important for the development of employees' global skills and necessary for carrying out critical business activities (Stroh, Black, Mendenhall, & Gregersen, 2005). Such developmental assignments are crucial for managers to adapt to overseas environments, and contribute toward the building of globally competent managers as well (Caligiuri & Colakoglu, 2007). Managers with international assignment experience bring large social networks, are comfortable with ambiguity and uncertainty, have a wide range of management skills, an ability to interact across cultural differences (Ng, van Dyne, & Ang, 2009), and superior strategic thinking skills (Dragoni et al., 2014).

Second, MNEs can send employees abroad to study or hire employees who have already studied abroad. Such employees may have a different experience during their education by crossing physical and cultural boundaries. These employees may have had opportunities to interact more with local people in casual settings and, thus, develop a deeper, more intimate relationship with the local culture, as well as more time to go through the different stages of culture shock (Kim et al., 2015).

Third, MNEs can hire foreign nationals who only have experience in their home countries. These employees possess different values and cognitive perceptions (Piaskowska & Trojanowski, 2014), and their deep knowledge of a different culture helps foreign nationals to bring an intimate understanding of cultural differences to decision making. At the same time, they have already adapted to life outside their home cultures.

Fourth, cross-cultural training may provide continuous guidance for expatriates to adjust gradually to the host country. One of the effective ways to increase expatriates' adjustment ability is to provide them with sufficient knowledge and awareness of the appropriate norms and behaviours of the target country, mainly through cross-cultural training (Wurtz, 2014). This process is designed to promote intercultural learning and the acquisition of behavioural, cognitive, and emotional competencies associated with effective interactions across cultures (Wang & Tran, 2012). Despite the vigorous research in the field, there has been controversy and a long debate on the effectiveness of cross-cultural training (Wurtz, 2014). A meta-analysis (Morris & Robie, 2001) and some recent research (Mendenhall, Stahl, Ehnert, Oddou, Osland, & Kuhlmann, 2004; Puck, Kittler, & Wright, 2008) illustrates that the effectiveness of cross-cultural training shows mixed results.

Lastly, hiring a person with overseas residence experience in their childhood or youth may be one of the best ways to acquire international experience. This form of international experience has been extensively discussed in the "third country kids"

(TCK) literature (e.g., Selmer & Lam, 2004). TCKs are individuals who have spent a part of their childhood in countries or cultures other than their own (Pollock & Van Reken, 1999). Research describes them as being open-minded and flexible, with positive attitudes toward other systems and cultures, respect for others, tolerance of others' behaviours and views, and fluent in multiple languages. They tend to have distinctive characteristics in terms of stronger family and social relationships, enjoying travelling overseas, acceptance of foreign languages, and cultural differences, and a future orientation (Tarique & Takeuchi, 2008).

2.4.3. International Experience and Resource Based Theory

Resource-based theory can be traced back to Penrose's (1959) seminal work on 'the growth of the firm'. Edith Penrose was widely regarded as one of the first scholars to recognise the importance of resources for the competitiveness of a firm. Penrose (1959) argued that a firm's growth depends on the way that a collection of productive resources are employed. These resources may only contribute to a firm's competitive position when they can offer potentially valuable services to the firm. Rubin (1973) is one of the scholars to conceptualise firms as resource bundles prior to the formal origins of the resource-based theory of the firm. Like Penrose, Rubin recognised that possessing resources was not valuable per se. Rubin (1973) argued that firms must make raw resources useful. Based on Penrose and Rubin's concept of resource, Wernerfelt (1984) attempted to further formalise the resource-based view of the firm, and argued that firms may earn above normal returns by identifying and acquiring resources that are critical to the development of demanded products. Two years later, resource-based theory was further developed by Barney (1986), who insisted that a firm develops competitive advantage by creating value in a way that is rare and difficult for competitors to imitate. To achieve advantage, a firm can acquire, develop, combine, and effectively deploy bundles of physical, human, and organisational resources to add unique value (Barney, 1991).

A firm's resources are generally defined as 'stocks of available factors which are owned or controlled by the organisation' (Amit & Schoemaker, 1993: 35). However, having resources is usually not a sufficient condition itself for success. Competitive advantage can be achieved by having distinctive resources and capabilities to deploy them through organisational processes (Peteraf, 1993). The firm capabilities are often developed in functional areas (e.g., brand management in marketing) and by combining physical, human, and technological resources (Amit & Schoemaker, 1993).

Traditional resources such as natural resources or technology are easy to imitate. But human resources such as skills, knowledge, and behaviour of employees, which are complex and intangible, may be an important source of competitive advantage (Wright, Dunford, & Snell, 2001).

Experience may enable them to accumulate new assets in what we call knowing-how, that is, in the skills, expertise, tacit and explicit knowledge (Inkson & Arthur, 2001). An individual with international experience that is difficult to acquire domestically may be an inimitable and non-substitutable resource for the MNE (Daily et al., 2000). International experience at the CEO level can have a direct influence on performance (Gremmo, Greve, & Ruigrok, 2017), and represents an exploitable resource for the firm (Daily et al., 2000). Such rare inimitable and non-substitutable experience is more important when firms have more international exposure as it allows them to manage international complexity better (Carpenter et al., 2001; Roth, 1995).

Some scholars insist that the resource based theory has limitations for explaining how firms develop and deploy their resources in order to achieve sustainable competitive advantage (DeSarbo, Di Benedetto, & Song, 2007; Priem & Butler, 2001). In particular, they insisit that resource based theory is not adequate for considering the impact of a dynamic market environment (Morgan, Vorhies, & Mason, 2009). As a result, one stream of research on resource based theory has evolved into dynamic capability (Hodgkinson & Healey, 2011; Kor & Mesko, 2013; Matitan & Peteraf, 2011). Dynamic capability refers to "the capacity of the organisation to purposefully create, extend, or modify its resource base" (Helfat, Finkelstein, Mitchell, Peteraf, Singh, Teece, & Winter, 2007: 4). In essence, the core of a dynamic capability is ability to adapt rapidly changing markets by integrating organisational resources and skill at the organisation level (Eisenhardt & Martin, 2000; Linden & Teece, 2014; Teece, Pisano, & Shuen, 1997).

2.4.4. International Experience and Social Learning Theory

Learning theories are often used to explain the outcomes of international experience (e.g. Caligiuri & Tarique, 2009; Fee, Gray, & Lu, 2013; Li, Mobley, & Kelly, 2013). This theory suggests that an individual's learning can be motivated when cognitive dissonance between the individual and the environment is experienced. Cognitive dissonance often occurs when an individual encounters new, meaningful, and critical experiences (Kolb, 1984) which may not be understood with their existing knowledge and beliefs (Endicott, Bock, & Narvaez, 2003).

Learning occurs in two distinct processes: assimilation and accommodation. Assimilation involves the addition to existing schemas, and accommodation involves the development of sophisticated schemas and fundamental changes in cognitive structure (Fee et al., 2013). As foreign environments may present stimuli that are new and different, they may create a sense of dissonance, which can result in dissonance for individuals' learning in both assimilation and association processes (Endicott et al., 2003; Fee et al., 2013).

Foreign countries may provide stimuli that can create dissonance between an individual's cognitive schemas (i.e., what they know) and the environment (i.e., what they observe in international markets). This dissonance may stimulate learning which can result in profound domain-specific knowledge and general cognitive competencies (Endicott et al., 2003; Fee et al., 2013; Suutari & Mäkelä, 2007).

Experiences in foreign countries often provide executives with unique learning experiences which cannot be acquired in their home countries (Roth, 1995). Although the cultural differences may cause difficulties for executives to adjust and work in a foreign country, they stimulate learning (Li et al., 2013).

In order to explain how managers' international experience affects advice networks, I draw on the insights of social learning theory (Bandura, 1977). Manager's social learning in different cultures through prior international experiences can enhance not only their communication skill with people from other countries but also willingness to interact with people from different countries.

[Table 2-2. Previous Studies on International Experience in International HRM]

Authors	Theory/ perspective	Independent variables (relationship)	Moderating/ moderating variables	Dependent variables	Research setting/data
Takeuchi, Tesluk, Yun, & Lepak (2005)	Socio-cultural adjustment, knowledge transfer perspective	Expatriates' current assignment experience (+)	Past international experience(+)	Cross-cultural adjustment (general and work adjustment)	[Survey] 243 Japanese expatriates working in the US
Athanassiou & Roth (2006)	Social network theory, upper echelon theory	Individual international demographic differentiation (+), team international demographic heterogeneity (-)	-	Advice network centrality of individual within the TMT	[Interview and survey] 39 teams and 258 CEOs from US based firms
Suutari & Mäkelä, (2007)	Social capital theory	Breadth of responsibilities (+), nature of an international environment (+), high level of autonomy (+), cross-cultural differences (+), number of international relocations (+), personal activity in networking (+)	Career capital (+) (knowing-why, knowing-how, knowing-whom)	Global career identity (awareness of high levels of career capital, trust in employability, global job market perspective, internal career motivation, search for new work challenges, global orientation, emphasis on global networking activity, strong career identity)	[Interview] 20 Finnish managers
Jokinen, Brewster, & Suutari (2008)	Resource based theory	International experience (+)	-	Career capital (+) (knowing-why, knowing-how, knowing-whom)	[Survey] 222 self-initiated expatriates and assigned expatriates from Finnish union SEFE
BozKurt & Mohr (2011)	Social capital	Cross-border employee mobility (+)	-	Social ties	[Interview] 72 high-skilled employees in three leading MNEs
Hamori & Koyoucu (2011)	-	The number of assignments (-), the length of international assignment experience (-), the type of employer commissioning the international experience (-)	-	Executives' time to the top	[Archival] 1.001 CEOs based in 23 countries and affiliated with the 500 largest corporations in Europe and 500 largest in the US

Authors	Theory/ perspective	Independent variables (relationship)	Moderating/ moderating variables	Dependent variables	Research setting/data
Moon, Choi, & Jung (2012)	-	Previous international non-work experience (+), previous international work experience (+), length of cross-cultural training (+), comprehensiveness of cross-cultural training (+)	Cultural intelligence (+) * partially support	Cross-cultural adjustment (general and work adjustment)	[Survey] 190 South Korean expatriates
Suutari, Tornikoski, & Mäkelä (2012)	Social exchange theory	Motivational intangible rewards (+), financial rewards (+)	-	Career-move decisions	[Interview] 20 managers with global career from Finnish union
Biemann & Braakmann (2013)	Human capital theory, signalling theory, social capital theory	International experience (+)	-	Career success (objective and subjective career success)	[Archival] 159 expatriates, 395 repatriates, 2,697 domestic employees from Hochschul-Informationas-System panel survey
Fee, Gray, & Lu (2013)	Social learning theory	Expatriates' international assignments, expatriates' knowledge about the host culture, expatriates' prior experience living in the host culture, expatriates' interaction with host culture nationals outside work (+), expatriates' interaction with host culture nationals at work (+)	-	Cognitive complexity	[Archival] 86 expatriates from longitudinal panel data (Australian and New Zealand development professionals)
Dragoni, Oh, Tesluk, Moore, VanKatwyk, & Hazucha (2014)	-	The length of time (+), cultural distance (-)	Cultural distance (+)	Strategic thinking (people leadership and general management)	[Archival] 231 upper level leaders
Piaskowska & Trojanowski (2014)	Upper echelon theory, bounded rationality	Cultural differences (-), host country risk (-)	Executives' international career experience (+), executives' foreign nationality (+), executive's international experience in formative years (+)	Ownership stakes taken by firms in foreign acquisition target	[Archival] 2,122 acquisition completed by 561 UK firms from BoardEX, Thompson ONE, SDC Platinum

Authors	Theory/ perspective	Independent variables (relationship)	Moderating/ moderating variables	Dependent variables	Research setting/data
Godart, Maddux, Shipilov, & Galinsky (2015)	Blind variation and selective retention model, theory of international adjustment, social embeddedness perspective	Breadth of an organisational leader's foreign professional experience (inverted U-shape), depth of an organisational leader's foreign professional experience (inverted U-shape), cultural distance of an organisational leader's foreign professional experience (inverted U-shape)	-	Creative innovation (the ratings in the *Journal du Textile*, the renowned French trade magazine)	[Archival] 270 fashion houses for 11 years
Kim, Pathak, & Werner (2015)	Ability-motivation-opportunity perspective, international human capital	International human capital enhancement practices (+) * three way interaction	A firm's collaborative climate (+), a firm's level of internationalisation (+)	Firm performance (net profit divided by organisational size)	[Archival] 467 organisations from the Human Capital Corporate Panel Survey (Korea Research Institute for Vocational Education and Training)
Georgakakis, Dauth, & Ruigrok (2016)	Human capital theory, social network theory	International experience variety (U-shape)	Geographic proximity (+) degree of internationalisation, environmental munificence (+)	Executives' time to the top	[Archival] CEO of the 310 largest listed firms headquartered in Switzerland, Netherlands, Germany, and UK
Schmid & Wurster (2017)	Human capital theory, elite theory, upper echelons theory	Duration of international work experience (inverted U-shape), The geographic distance between a home country and the host country (-), the cultural distance between a home country and the host country (-)	-	Career advancement to the management board	[Archival] 212 management board member from Germany
Son & Le (2017)	Social learning theory	Length of time (+), number of countries, cultural distance	Strategic change	Firm performance (the lagged, industry adjusted return to shareholders for the three years following the year of CEO succession)	[Archival] 387 new CEO in US firms listed in S&P index

2.5. Social Capital Theory

Originally, the concept of social capital developed from the areas of economics and sociology. It emerged primarily in the community studies which are concerned with the way in which the survival and functioning of a community are affected by personal relationships among community members (Nahapiet & Ghoshal, 1998). Scholars in international business have paid attention to this concept and started to apply it to their research. In this section, the concept and aspects of social capital and its impacts on performance is explored.

2.5.1. Definition and the Development of Concept of Social Capital

Social capital refers to "the sum of actual or potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit" (Nahapiet & Ghoshal, 1998: 243). Social capital is critically important for the success of MNEs due to its close links with the creation and sharing of knowledge throughout the organisation, supporting effective coordination and ensuring cooperation across geographic and cultural borders (Mäkelä, Björkman, & Ehrnrooth, 2009; Mäkelä & Brewster, 2009).

We need to review some prominent researchers who developed the concept of social capital. Pierre Bourdieu is the first theorist of social capital. According to Bourdieu (1986: 248-249), social capital is "the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalised relationship of mutual acquaintance and recognition." In other words, social capital is a relationship capital that provides useful support when needed. As stable relationships create honour and reputation among their members, they are most effective for building trust and providing safety. An individual's volume of social capital is assessed not only by the number of relationships that are built, but also by the capital resources of the partners (Bourdieu, 1986).

According to the perspective of structural social capital, the key debate was advantage of dense or sparse networks. An argument of sparse network structure is structural hole suggested by Burt (1992). This structural holes approach to social capital focuses on the pattern of relations among alters in ego's social network. A structural hole exists between two alters who are not connected to each other. According to Burt's theory (1992, 1997), networks that are a number of structural holes provide an individual with primary benefits. First, the ego can be connected to many alters who are themselves unconnected to the other alters in the ego's network. Second, the ego can access more unique information timely. Third, the ego can have great bargaining power and thus control over resources and outcomes. The structural hole can bridge ties more directly than the weak tie concept.

Coleman's concept of social capital is based on the rational choice theory from a functional perspective of social capital. Coleman (1990) argues that actors in the network are interested in resources controlled by other actors in order to maximise their utility by choosing the best solution for them rationally. Social capital is a variety of different entities having two characteristics in common from the structure of social relation view. The entities consist of some aspect of social structure, and facilitate certain individuals' actions within the structure. This implies social capital is always an element in the social structure favouring actions of actors that are members in this structure (Coleman, 1990). In contrast to Bourdieu, Coleman regarded social capital as a public good, so it is considered as the basis for establishing norms to guide actor's actions (Haunschild, 2004).

Lin’s (2001) theoretical approach to social capital centres on a structural perspective as does Burts (1982). It is a social resources theory that primarily focuses on the nature of the resources embedded within a network. According to this theory, capital is surplus value, which is reinvested to create more surplus value. Thus, capital is investment of resources with expected returns in the market place as relationships facilitate the flow of information about opportunities. In order to produce profits, individual interact alters who are of special importance for the production of benefits in the network (Lin, 2001). To put it in another way, alters who possess useful resources for the attainment of an individual's goals can be considered a critical social resource. For example, alters who provide career development advices are the relevant social resource when considering an ego's pursuit of career goals (Marsden & Hurlbert, 1988).

2.5.2. Types of Social Capital and Social Network

Nahapiet and Ghoshal (1998) proposed three aspects of social capital: (1) relational, (2) cognitive, and (3) structural social capital. First, relational social capital refers to behavioural/ motivational assets and obligations embedded in relationships, including aspects such as trust, norms, sanctions, obligations, and expectations. Relational social capital contributes to the willingness to share information and organisational goals with geographically and culturally distant employees in MNEs (Adler & Kwon, 2002; Tsai & Ghoshal, 1998). In addition, it can be career-relevant networks and contacts existing not only within the organisation but also outside, and include customer relationships, and professional and personal social connections (Cappellen & Janssens, 2005; Jokinen et al., 2008; Suutari & Mäkelä, 2007).

Second, cognitive social capital refers to shared paradigms, understandings, and interpretations, including aspects such as shared discourse and narratives, behavioural and linguistic codes, and systems of meaning (Kang, Morris, & Snell, 2007; Nahapiet & Ghoshal, 1998). Cognitive social capital provides common visions of goals and objectives and creates a shared frame of reference, shared norms and ways of doing things. This may enhance the absorptive capacity of employees (Cohen & Levinthal, 1990; Nahapiet & Ghoshal, 1998) and promote the sharing of knowledge across disparate units of the organisation (Taylor, 2007).

Third, structural social capital is defined as any aspect of the social structure that creates value and facilitates the actions of the individuals within that social structure (Coleman, 1990). As the creation of physical capital involves changes in materials to facilitate production, social capital creates or changes the relations among people (Coleman, 1990). Social network researchers have focused on formalising and empirically testing the concept of structural social capital. They regard relationship as the pattern of ties linking a set of social actors. Each actor (person) can be described in terms of the links with other people in the network. The focal person is referred to as the 'Ego', and those tied to the Ego are alters (Knoke & Kuklinski, 1982) in such an analysis. Structural social capital contributes to the effective flow of knowledge and more efficient coordination through well-structured sub-networks in the MNE's global operations (Burt, 1992; Kostova & Roth, 2003).

2.5.3. Structural View on Social Capital

The structural view on social capital assumes that social actors behave rationally within the social structures they are embedded in.

2.5.3.1. Definition and Types

The structural view on social capital refers to the structure of the social relationships in a group or organisation (Seibert, Kraimer, & Liden, 2001; Tichy, Tushman, & Fombrun, 1974). It focuses on the configuration of social ties that facilitate flows of valuable resources and information (Burt, 2000) and links between individuals, rather than on individual characteristics or behaviours (Bono & Anderson, 2005). These social network theorists who support structural view on social capital typically explain social capital formation as resulting from direct interactions between social actors (e.g., individuals, organisations, or countries) (Kostova & Roth, 2003), as the core premise of social network analysis is that the pattern of relations among a set of actors (Wasserman & Faust, 1994) makes it either easy or difficult for an individual to gain access to critical information (Brass, Galaskiewicz, Greve, & Tsai, 2004), different perspectives (Hargadon & Sutton, 1997), and to extract benefits from their social structures, connections, and memberships (Davidsson & Honig, 2003) through privileged connections.

2.5.3.2. Structural View on Social Capital and Performance

Research on social networks has suggested that an employee is more successful when their social networks are connected with others who can offer new information and different perspectives on relevant issues. Social networks may provide individuals with exposure to fresh points of view to enhance the quality of their decisions (Burt, 2004), and with non-redundant information to identify pre-existing solutions to their problems (Hargadon & Sutton, 1997).

Drawing insights from the structural view on social capital, researchers in international business have emphasised the potential impacts of networks on performance (e.g., Naudé, Zaefarian, Tavani, Neghabi, & Zaefarian, 2014; Peng & Luo, 2000). First, MNEs can share the risks of failure and concern associated with entering international countries by working together and exchanging information (Chetty & Patterson, 2002). In addition, MNEs may use external relationships for knowledge acquisition and learning and these relationships may result in access to tacit knowledge for international activities (Ciravegna, 2011; Manolova, Manev, & Gyoshev, 2010; Yli-Renko, Autio, & Sapienza, 2001).

Second, managers in MNEs who frequently interact with managers in other companies may offer alternative perspectives on strategic issues, as they are aware of a wider range of possible strategic solutions that can be applied to the challenges of a subsidiary's future business and resource allocation (McDonald, Khanna, & Westphal, 2008).

Third, social network structures are likely to have an influence on knowledge creation as they may determine individuals' opportunity to access and combine knowledge (Nahapiet & Ghoshal, 1998). Network structure is associated with the ease of knowledge transfer between individuals as it is likely to affect not only the willingness of individuals to transfer their knowledge but also their ability to convey complex ideas more effectively to other people (Reagans & McEvily, 2003). A number of empirical studies on intra-MNE knowledge transfer have found that knowledge transfer across units may be only possible when close relationships between senders and receivers exist (Gooderham, Minbaeba, & Pedersen, 2011; Gupta & Govindarajan, 2000). In essence, these studies suggest that network structures are likely to influence knowledge transfer and creation processes in groups.

Thus, the question arises as to 'whether strong ties are always beneficial for individuals?' It has been noted that existing strong ties among members may be likely to be strong as information possessed by existing members is likely to be shared quickly. However, Granovetter (1973) claimed that novel information may be acquired by weak ties characterised by infrequent interaction and low intimacy as they tend to enlarge the gap between what an information seeker already knows and what others know. Granovetter (1973) found that weak ties were more likely than strong ties to have been the source of information about job openings for a sample of job incumbents. In other words, weak ties may be a bridge that provides individuals with information and resources that they may not be able to obtain in their own social circles.

However, subsequent research has provided mixed results for the weak tie (Baer, 2010; Bridges & Villemez, 1986; Levin & Cross, 2004; McPherson, Popielarz, & Drobnic, 1992). In particular, Friedkin (1980: 421) points to the strength of strong ties for value recognition by proposing that "macro integration can be based on weak ties which permit episodic transmissions of information among groups, while micro integration is based on a cohesive set of strong ties which permit regular transmissions within groups." Some empirical research has supported this assumption by showing that innovation through frequent communication may enhance (Moran, 2005; Reagans & Zuckerman, 2001; Smith, Collins, & Clark, 2005), the radicalness of it (Landry, Amara, & Lamari, 2002), and prevent conflicts within organisations (Nelson, 1989).

[Table 2-3. Previous Studies on Impacts of Social Network on Individual and Organisational Performance]

Field	Authors	Theory/ perspective	Independent variables (relationship)	Moderating/ moderating variables	Dependent variables	Research setting/data
International Business	Peng & Luo (2000)	Social network theory	Managers' interpersonal ties with top executives at other firms (+), managers' interpersonal ties with top executives with government officials (+)	Ownership types (+), business sectors (+), sizes (+), industry growth rates (+)	Firm performance (market share, return on asset (ROA))	[Survey] 127 top executives in China
	Yli-Renko, Autio, & Sapienza (2001)	Social capital theory, knowledge based view	Social interaction (+), relationship quality (+), customer network ties (+)	Knowledge acquisition (+)	New product development, technological distinctiveness, sales costs	[Survey] 180 entrepreneurial high-technology ventures based in the UK
	Kotabe, Jiang, & Murray (2011)	Social network theory	Managerial ties with government officials (inverted U shape), managerial ties with foreign MNE partners (U shape)	Knowledge acquisition (+) (product technology, process technology), realised absorptive capability (+)	New product market performance	[Survey] 121 emerging MNEs from China
	Gooderham, Minbaeba, & Pedersen (2011)	Social capital theory, knowledge based view	Positive the individual assessment of the social capital (+), the perceived use of market-based governance mechanisms ,the perceived use of hierarchical governance mechanisms (-)	-	Knowledge transfer	[Survey] 219 employees from two Danish MNEs
International HRM	Salk & Brannen (2000)	Social identity theory, social categorisation theory	Advice centrality (+), task-related centrality, private centrality	-	Power and influence	[Survey] 16 members of TMT of a 50-50 German-Japanese inter-national joint venture
	Mäkelä & Brewster (2007)	Social capital theory	Inter-unit meetings, project groups, cross-border teams (+), expatriate/ repatriate interactions (+)	Interpersonal trust, shared cognitive ground (+)	Knowledge sharing	[Structured interview] 413 managers from 57 Finnish MNEs
	Sumelius, Björkman, & Smale (2008)	Strategic HRM, social network theory	Internal social networks (+), external social networks (contact with other MNEs and local Chinese companies in	-	Technical HRM capabilities, strategic HRM capabilities	[Structured interview] 161 general managers and HR managers in 66 European MNE

Field	Authors	Theory/ perspective	Independent variables (relationship)	Moderating/ moderating variables	Dependent variables	Research setting/data
			China)			subsidiaries located in China
	Chiu, Wu, Zhuang, & Hsu (2009)	Social network theory	Core self-evaluation (+), extraversion (+), knowledge of host country culture, job autonomy (+), boundary spanning	Expatriates' expressive and instrumental ties with HCNs (+)	Expatriates' job performance, overseas adjustment	[Survey] 171 Taiwanese expatriates in China
	Stroppa & Spieß (2010)	Resource based theory	Source of support of network partners (supervisor, co-workers (+), spouse/ husband, friends (-)	Type of company (small and medium-sized companies vs. large companies)	Socio-emotional support, instrumental support	[Survey] 90 expatriates (45 from SMEs, and 45 from large companies)
	Richardson & McKenna (2014)	Social network theory	Individual motivations to engage in organisational self-initiated expatriates	Development of networks	Benefits	[Interview] 51 organisational self-initiated expatriates in a professional firm
HRM & Organisational Behaviour	Podolny & Baron (1997)	Social network theory	Large network of informal ties (+), sparse network of informal ties (+)	Role expectations for performance and mobility	Intra-organisational mobility	[Survey] 236 individuals in a high-technology engineering and manufacturing corporation
	Flap & Volker (2001)	Social capital theory	Goal-specific social capital (+) (solidarity contacts, strategic contacts, advice contacts, contacts outside work)	-	Job satisfaction	[Survey] 76 employees in two governmental agencies in the Netherlands
	Morrison (2002a)	Social network theory	Patterns of social relationship (+) (size, density, strength, range, and status)	Newcomer socialisation (+) (organisational knowledge, task mastery, and role clarity	Social integration, organisational commitment	[Survey] 154 new auditors from large global accounting firms

2.5.3.3. Advice Network and Performance

There are several social networks in the workplace: advice networks, trust networks (Bien, Ben, & Wang, 2014; Büchel, Nieminen, Armbruster-Domeyer, & Denison, 2013), hindrance networks (Sparrowe, Liden, Wayne, & Kraimer, 2001), and friend networks (Brands, & Kilduff, 2014; Gibbons, 2004). Among these, advice networks are composed of relations through which employees share information and knowledge related to the completion of their work (Ibarra, 1993). A fundamental condition of advice-seeking is awareness of individuals as a possible source for a current business problem or opportunity (Borgatti & Cross, 2003). Advice network refers to a type of instrumental network that can promote task performance (Zhang & Peterson, 2011). It is also important that advice-seekers positively evaluate the knowledge and skills of the person sought out in relation to the business problem the seeker is attempting to solve.

Advice networks may be crucial for members to exchange business strategy, and managerial know-how (McDonald et al., 2008), job-related information, and effective resources allocation in the network (Cross & Parker, 2004). In addition, they are a means for obtaining resources that facilitate individual job performance (Sparrowe et al., 2001). Wong (2008) highlights that different advice network structures are associated with knowledge overlap - the extent to which group members have common task knowledge and knowledge variety - coverage or range of different types of task knowledge in a group. Further, based on multi-source data from 189 teams in a military organisation, Wang, Tjosvold, Chen, and Luo (2014) found that cooperative goals positively influence team performance via advice network density.

[Table 2-4. Previous Studies on Antecedents and Outcomes of Advice Network]

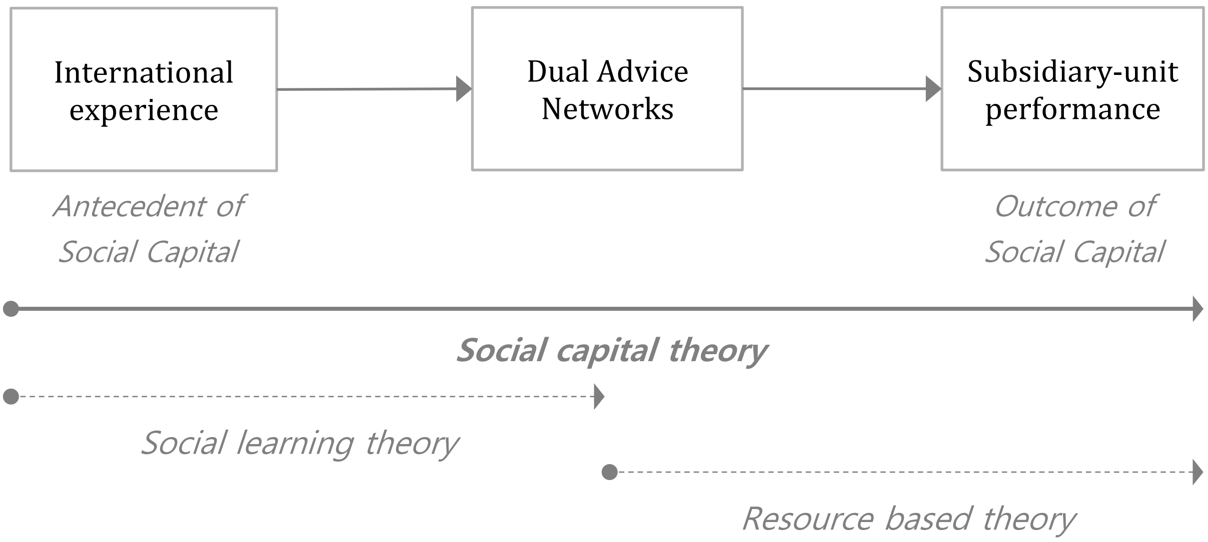
Authors	Theory/ perspective	Independent variables (relationship)	Moderating/ moderating variables	Dependent variables	Research setting/data
Athanassiou & Nigh (1999)	Resource based theory	Internationalisation (+), reliance on an internal mode of international involvement, activities' interdependence (+)	-	TMT advice network density	[Survey] 256 managers in 37 MNEs in the US from Compact Disclosure
McDonald & Westphal (2003)	Threat-rigidity theory, social network theory	CEOs of firms with poor performance (+)	Advice-seeking from executives of other firms (+) (similar backgrounds, friendship, different industry)	Firm performance (market-to-book value of equity), firm strategic change (product market diversification, geographical diversification)	[Survey] 241 companies from the largest industrial and service firms
Bono & Anderson (2005)	Social network theory	Transformational leadership (+)	-	Advice network centrality	[Survey] 39 managers and 130 non-management employees from 6 organisations
McDonald, Khanna, & Westphal (2008)	Agency theory	Corporate governance (+) (the level of a CEO's stock ownership, the level of CEO's performance-contingent compensation, the level of board monitoring)	Director executive experience (+), CEO's external advice network (+)	Firm performance (ROA, market-to-book value of equity)	[Survey] 225 CEOs from the largest US industrial and service firms
Wong (2008)	Social capital theory	Internal advice network density (+), internal advice network centrality (+), external advice network range (+)	Knowledge overlap, knowledge variety (+)	Group effectiveness (cumulative shareholder value achieved by the firm of each group at the end of the simulation task)	[Survey] 434 undergraduate students enrolled in a strategic management course at a large public university
Zagenczyk & Murrell (2009)	Social network theory, social exchange theory	Advice-giving (+), advice-receiving (+)	Job involvement (+)	Work unit commitment	[Survey] 93 employees in admission department employees at a large university in southwest Pennsylvania in the US
Zhang, Zheng, & Wei (2009)	Social capital theory	Altruistic citizenship behaviour (+)	Job involvement (+)	Advice network centrality	[Survey] 24 work teams in a state-owned power supply company in a midsize city of Shandong province

Authors	Theory/ perspective	Independent variables (relationship)	Moderating/ moderating variables	Dependent variables	Research setting/data
Alexiev, Jansen, Van den Bosch, & Volberda (2010)	Social network theory	TMT's internal advice seeking network (+), TMT's external advice seeking network (+)	TMT heterogeneity (+)	Exploratory innovation	[Survey] 705 TMT at small and medium size firms across a wide variety of industries in the Netherlands
Zhang & Peterson (2011)	Transformational leadership, social network theory	Transformational leadership (+)	Team advice network density (+), Team mean core self-evaluation (+), team advice network centrality (+)	Team performance (business unit performance)	[Survey] 79 business unit management teams from a large US corporations in the industrial and consumer products industry
Wang, Tjosvold, Chen, & Luo (2014)	Social network theory	Cooperative goals (+)	Advice network density (+)	Team performance (efficiency, quality, productivity, mission fulfilment, and overall achievement)	[Survey] 189 teams in a military organisations from multi-source data

2.6. Theorerical Integration

Inkpen and Tsang (2005: 151) define social capital more elaborately as "the aggregate of resources embedded within, available through, and derived from the network of relationships possessed by an individual or organisation". A social capital view of MNEs (Kostova & Roth, 2003) could be an overarching theoretical foundation to link international experience, social network, and subsidiary performance.

[Figure 2-1. Integration of Theories]



Kostova & Roth (2003) emphasise direct interactions to form social capital between social actors in MNEs. They assume that social actors can interact readily and directly with other actors based on the structural view on social capital.

However, substantial direct interaction between organisational members may be impeded by the MNE-specific context such as geographical distance, cultural differences, and language barriers. In order to overcome such barriers, boundary spanners who are "deeply embedded in both a specific local context and the MNE as a whole" (Schotter & Beamish, 2011: 255) would be needed. They play a crucial role in bridging relationships between HQ and subsidiaries in different country contexts (Mudambi & Swift, 2009). Barner-Rasmussen, Ehrnrooth, Koveshnikov, and Mäkelä (2014) examine the role of cultural and language skills as resources for individuals' boundary spanning ability in MNEs. Direct interactions opportunities at HQ or in a host country before playing a boundary spanner role in a focal subsidiary may create social networks. Managers' experience developed by international work and non-work experience enhance their cultural and language skills extensively. Thus, social capital previously gained through prior international experience is crucial to become an effective boundary spanner.

Social learning theory may enhance a deep understanding of what shapes subsidiary managers' social capital across their MNE and local organisations. The cross-unit social ties in MNEs (Reiche, Kraimer, & Harzing, 2009; Seibert et al., 2001) relate to structural views on social capital, and constitute the cognitive facet of social capital (Bozkurt & Mohr, 2011). International experience provides a variety of intense experiences that create more discontinuities and critical incidents (Kohonen, 2005), resulting in learning foreign language and communication competence (Bandura, 1977), the accrual of knowledge and capabilities (Brouthers et al., 2008; Carlsson et al., 2005; Eriksson et al. 1997), access to local knowledge through collaborations with local firms, and building local networks with local stakeholders (Peng, 2001).

A manager's cross-national social ties for their organisation can be built through their organisational boundary-crossing activities in MNEs (Lazarova & Taylor, 2009). This social capital plays a significant role in creating and leveraging the knowledge of a firm (Nahapiet & Ghoshal, 1998), and knowledge can contribute to firm competitiveness significantly (Kogut & Zander, 1993).

In the same way, resource based theory can explain the relationship between international experience and advice network. From a perspective of resource based theory, social capital is defined as resources embedded in social relationships to achieve purpose (Lin, 2001). In other word, social capital represents “all resources embedded in a social structure which are accessed or mobilised in purposive actions.” (Lin, 2001: 29). Resource based theory argues that a firm is often unable to cope with the challenges from global competition by its own resources. Developing and building relational networks in the local market, where a firm invests to obtain resources and access to the target market, is the key issue for MNEs’ internationalization operations. Therefore, subsidiary-units have to seek out cooperation with other organisations to establish relational networks for mobilising external resources, and enhancing their own core competencies (Wong, 2011).

2.7. Research Gaps and Further Development Opportunities

One critical deficit in the current academic literature on subsidiary staffing is the lack of knowledge about the influence of international experience. In particular, this deficit is associated with the following question: "How do international experiences of subsidiary managers affect subsidiary-unit performance?"

2.7.1. Nationality and International Experience (Paper #1)

Previous studies have considered the nationality of subsidiary managers, such as PCNs and HCNs, as a major dimension of subsidiary staffing choices (Lazarova, 2006). This has advanced our understanding of subsidiary staffing. However, it may be too simplistic to capture various patterns of subsidiary staffing in MNEs. MNEs can strategically develop a pool of subsidiary managers for the purpose of acquiring international work and non-work experience. For this reason, many global organisations have sent their managers overseas to acquire international skills, and develop cultural knowledge. Thus, international experience can be an underlying key dimension to capture the full array of subsidiary staffing options. A subsidiary-unit manager with a wide range of international experiences can successfully develop social capital and knowledge transfer, which are essential for subsidiaries with corporate HQs and local organisations.

2.7.2. International Experience and Advice Network (Paper #2)

Previous research on managers' international experience has primarily focused not on performance as such, but on the beneficial effects of managers' international assignments experience in MNEs for their career development (Hamori & Koyunch, 2011; Jokinen et al., 2008) and cross-cultural competence (Engle & Crowne, 2014) from a total compensation viewpoint, such as pay level (Ng, Eby, Sorensen, & Feldman, 2005), the number of promotions (Ng et al., 2005), the opportunity for promotion to top management ranks (Magnusson & Boggs, 2006), job satisfaction (Ng et al., 2005), and career development opportunities (Stahl et al., 2002). However, only relatively limited empirical research has been conducted in explaining how managers' international experience and social networks are useful to perform their roles successfully as leaders of an organisation in MNEs. With regard to advice networks, a small amount of research suggests types of information (Keith, Demirkan, & Goul, 2010), psychological cost (Lazega, Mounier, Snijders, & Tubaro, 2012) and transformational leadership (Zhang & Peterson, 2011), and personality (Battistoni & Colladon, 2014) as antecedents of advice networks in the sociology and psychology fields.

This thesis is based on the assumption that a subsidiary-unit manager who has international experience has more advice-seeking networks than those without such experience. Thus, empirical evidences for the positive role of international experiences in building subsidiary-unit managers' dual advice networks would be needed.

2.7.3. International Experience, Advice Network, and Performance (Paper #3)

Effects of international experience on organisational and financial performance have been studied mainly at the top management level, and not the manager level. According to resource based theory, if a CEO is to add unique value, she or he must possess experience which is valuable, rare, and difficult to imitate (Carpenter et al., 2001). Previous research on antecedents of subsidiary performance suggests knowledge transfer through expatriate (Fang et al., 2010), investing in management development (Sheehan, 2012). However, despite the importance of social network in MNEs, surprisingly few studies on relationships between social network and organisational and financial performance have been carried out so far (Au & Fukuda, 2002; Johnson, Kristof-Brown, Van Vianen, De Pater, & Rigsby, 2002).

There has been a lack of research on the advice network-organisational outcomes relationship. Thus, it is important to identify the specific manager's competencies critical for subsidiary performance. For example, the strong relationships with suppliers may help acquire quality materials, good services, and timely delivery. Close ties with buyers may encourage customer loyalty, sales volume, and reliable payment. Moreover, good relationships with executives at competitor firms may facilitate implicit collusion and uncertainties (Peng & Luo, 2000).

In sum, the review and empirical studies of this thesis, therefore, seek to advance our knowledge of the a subsidiary-unit manager's international experience by filling in crucial research gaps in the current literature on international experience and providing a more comprehensive understanding of the international experience and advice network. Throughout the three papers, this thesis scrutinises multiple international experiences (i.e., the extent and the duration) as well as its influence on various aspects of the advice networks (i.e., size, strength, and benefits) and the relationship with subsidiary-unit performance.

Chapter 3. Research Design and Methodology

3.1. Chapter Overview

This chapter provides the overview of research design, settings, and methods employed across the three research papers incorporated in this thesis. In essence, three papers provide a comprehensive investigation related to the overarching question of subsidiary staffing. Therefore, the methodological focus lies in a multi-faceted empirical investigation. Given the focus, survey data was used across two quantitative studies (paper #2 and #3) to scrutinise various aspects of managers' international experiences, their advice networks, and performance while each paper utilises different research design and statistical methods.

This thesis examines South Korean MNEs that provide an appropriate research context. The data in this research was collected by conducting a survey-based quantitative approach with cross-sectional data. The final sample set consists of 17 Korean MNEs and 284 subsidiary-unit managers in 33 countries across the world including Hungary, Slovakia, Romania, Czech, China, US, UK, Singapore, Mexico, Spain, India, Malaysia, Iran, Thailand, Brazil, Chile, Vietnam, Qatar, Austria, Kazakhstan, Ukraine, Nigeria, Kenya, Russia, Egypt, Turkey, Sri Lanka, France, UAE, and Australia.

The following sections provide the specific details of (1) research design, (2) research context, (3) data collection including descriptive statistics, (4) measurement of variables, and (5) statistical methods for empirical research.

3.2. Research Design

The focal objective of the study is to suggest international experience as an underlying dimension to capture various staffing options in MNEs (paper #1). Additionally, this study examines impacts of subsidiary-unit managers' international experience on advice networks (paper #2) and subsidiary-unit performance (paper #3).

'A subsidiary-unit manager' that may cause confusion is introduced as it is not widely used in IHRM literature. Similar constructs such as a subsidiary manager (Moeller, Harvey, & William, 2010; Luo, 2002; Paik & Sohn, 2004; Piaskowska, & Trojanowski, 2014; Reade, 2001; Selmer, Torbiorn, & de Leon, 1998; Takeuchi et al., 2008), an executive in subsidiary (Harzing, 2001; Zhao, 2015), a senior executive in subsidiary (Yamao, Cieri, & Hutchings, 2009; Zhang, Geoge, & Chan, 2006), TMT in subsidiary (Collings et al., 2008; Fong, Weng, Chao, & Ho, 2007; Gong, 2006), and subsidiary management team (Hyun et al., 2014) have been widely used for depicting the people who supervise subordinates in the subsidiary. However, I believe the term a 'subsidiary-unit manager' is most suitable for describing my research. A 'manager' does not always mean the person who is in charge of a certain organisation. Thus, I define a subsidiary-unit manager as 'a manager who is responsible for organisational performance or people management, and reports directly to the head of the subsidiary'.

Accordingly, the unit of analysis across paper #2 and #3 is a business or functional unit in a subsidiary. For example, in the sales subsidiary of an MNE, there may be 4~8 subsidiary units in general (e.g., B2C sales team, enterprise business sales team, marketing team, business support team, and communication team etc.) depending on market and subsidiary size.

3.3. Research Setting: South Korean MNEs as a Research Context

MNEs are defined as enterprises which control value-added activities and coordinate operations in at least two countries (Caves, 1996; Dunning & Lundan, 2008). More specifically, MNEs refer to “firms that engage in value-added international business activities, which have affiliates in more than one country, and whose operations and activities in different locations are actively coordinated by one or more HQ organisations” (Collinson, Narula, & Rugman, 2016: 5).

South Korea, often categorised as a newly industrialised economy (Makino, Lau, & Yeh, 2002) or a late comer (Mathews, 2006) in international business literature, achieved rapid economic growth since the 1980s and has become the 11th largest economy in the world (World Bank, 2016).

Currently, South Korean MNEs have invested in more than 100 countries and have become major players in the global market (Yang, Lim, Sakurai, & Seo, 2009), and 13 South Korean companies were ranked on the 2016 Fortune 500 list. In the last decade, many large Korean MNEs competed successfully in global markets with a wide geographical access in multiple subsidiary locations. Many South Korean MNEs are globally competitive players in their respective industry sectors (Kim & Tung, 2013). In particular, South Korean MNEs begin to secure leading positions in manufacturing information technology (Chung, Sparrow, & Bozkurt, 2014).

For instance, Samsung, the largest corporate entity in South Korea, with $178 billion in revenue and 392,305 employees worldwide in 2016, has developed a pool of subsidiary managers under their ‘Overseas Regional Specialist Program’. Candidates are given an opportunity to experience local culture and language for one or two years without any formal job responsibilities, and then are deployed to countries where they can gain experience as an expatriate (Sparrow, Brewster, & Chung, 2017: 69). Another example is their global strategy group programme (GSG) which operated since 1997 under the CEO's initiative. The company recruits MBA graduates from the USA and European countries. They participate in various corporate projects, learn the corporate culture, and build social networks with employees in key position in corporate HQ. After working for three to five years, they are deployed to subsidiaries in their home countries to perform an important role (Tarun, Song, & Lee, 2011).

In sum, South Korean MNEs, particularly their subsidiary staffing strategies, provide several crucial implications for both theories and practitioners. Prior subsidiary staffing literature usually examined MNEs from developed economies (e.g., USA, Europe, and Japan), In the far East, the Japanese context was most prevalent due to the data availability (e.g., Beamish & Inkpen, 1998; Delios & Björkman, 2000; Gaur et al., 2007; Gong, 2003a; Peng & Beamish, 2014). But little is known about the subsidiary staffing strategies of MNEs from other economies (e.g., developing countries), and there have been continuous callings for such research (Collings et al., 2009; Shen, 2006). As a result, this research in the Korean context not only responds to calls made by prior literature, but also it provides useful implications to many MNEs from emerging and transitional economies.

3.4. Research Methods

When a researcher decides on a methodology, it is important to justify their decisions.If research questions focus on the nature of reality, there are questions of ‘ontology which relates to the study of being, the nature of being and our ways of being in the world’ (Quinlan, Babin, Carr, Griffin, & Zikmund, 2015). If research questions are related to our understading of knowledge, there are questions of ‘epistemology which relates to what constitutes knowledge and to the processes through which knowledge is created (Crotty, 2005: 2)’. Ontology considers social entities which are made of unchanging things as physical entities of natural world which exist independently (Burrell & Morgan, 1979). Epistemology concerns assumptions, validity and legitimation about knowledge, and how people transfer knowledge to others (Burrell & Morgan, 1979). This knowledge includes numerical data, textual, and visual data (Saunders, Lewis, & Thornhill, 2015).

The choice in terms of either ontology or epistemology is related to philosophical frameworks. For ontology, there are different understandings of the nature of reality. Positivism sees the world as a reality of which we are all a part. Constructivism sees the world as being co-constituted and socially constructed. Interpretism focuses on our own thought and uniques interpretations (Quinlan et al., 2015). Research methods reflect fundamental philosophy. If the purpose of research is to explore thoughts, feeling, and beliefs about phenomenon, the research may use both qualitative and quantitative method by applying constructivism which holds that reality is unique to each individual’s own set of circumstances and life experiences, interpretation of world (Quinlan et al., 2015).

Quantitative research can explore participants’ meanings and the relationships among them to develop a conceptual framework by using data that represent feelings, thoughts, ideas, understandings, and non-numeric data (Saunders et al., 2015). It emphasises words rather than quantification in the collection and analysis of data. Qualitative research is suitable when quantitative data was not collected as its focus is not on generating and analysing numeric data (Quinlan et al., 2015). Thus, it is widely used in explorative research (Bryman & Bell, 2015). On the other hand, qualitative research can examine relationship among variables which are measured in the form of number or data that can be coded numerically. It emphasises the testing of theories, and takes an objectiveview (Bryman & Bell, 2015).

The ontological/ epistemological stance in the thesis is positivism, that there is one objective reality. The main research question of the thesis is to explore how subsidiary-unit managers' international experience and advice networks are related to their unit in South Korean MNEs. In order to measure observable/specific variables that were collected at the individual, subsidiary-unit, and company level and test hypotheses, quatitative study was adopted as a main research approach. It leads to explore relationships between the international experience construct and the organisational outcomes construct through statistical analysis and testing. Table 3-1 shows differences between qualitative and quantitative research method (Quinlan et al., 2015).

[Table 3-1. Comparing Qualitative and Quantitative Research Methods]

Research aspect	Qualitative	Quantitative
Purpose	Discover ideas, used in explorative research with general research questions	Test hypotheses or specific research questions
Approach	Observe and interpret	Measure and test
Data collection	Unstructured, free-form	Structured response categories provided
Research independence	Inveloved researcher Findings may be subjective	Uninvolved researcher Result/findings may be objective
Samples	Small	Large
Most often used	Explorative research	Descriptive and causal research

3.5. Data Collection

The study was conducted in two phases of data collection. First, semi-structured qualitative interviews were conducted to develop measures and collect information about subsidiary-unit manager's nationality, their international experiences, advice networks, and unit performance prior to the quantitative data collection (Table 3-2). The interviews were conducted both in-person and via teleconference. All interviewees were selected from key managers with extensive international experiences in subsidiaries in their organisations. Each interview was conducted on a one-to-one basis.

[Table 3-2. Interview Questionnaire]

Topic area	Interview questions
General Questions	Please tell me about your roles and responsibilities How long have you been working with this company?
International Experiences	Can you tell me the country where you spent the majority of your formative years? How do you accumulate international experience? (e.g., international assignments, study abroad, travel, born in foreign nationals, residence experience in home/host countries in childhood, and cross-cultural/language training). Where? How long?
Advice Networks	Can you describe a time where you had to build working relationships with managers outside of your immediate team such as other MNEs and government agencies in this country or in direct reporting teams in corporate HQs in order to get advices? Why was your network with manager important? Why did you seek advice? (e.g., subsidiary's future business strategy, parent firm's current strategy, effective subsidiary's resource allocation, and managerial know-how) How often does this person give you advice?

	Are your prior international experiences helpful to build your networks with managers at other organisations in your subsidiary? Can you describe a time when it was particularly important?
Subsidiary-unit Performance	What are the key performance indicators in your subsidiary-unit? Can you tell me why? How can it be measured?

Second, quantitative data about subsidiary staffing options and advice network of subsidiary-unit manager were collected by a survey with cross-sectional data. The questionnaire (appropriately translated and back-translated: Brislin 1976; Brislin, Lonner, & Thorndike, 1973; Matsumoto & van de Vijver, 2010) is in Korean for PCNs, and English for others (see Appendix 3-1 and 3-2).

The sample firms comprised 17 South Korean MNEs (Table 3-3), which can be characterised as leading companies in their respective industries. The 17 firms covered a considerable range of sectors including computers and electronics, machinery, metal, IT services, construction, service, finance and insurance, and beverages. The 17 firms varied in size from 290 to 392,305 employees with a mean of 34,932, thus providing a good spread of medium-sized firms, along with larger MNEs.

[Table 3-3. Company Profile: 8 Industries, 17 South Korean MNEs]*

Industry Lv.1	Industry Lv.2	Name	Founded	Revenue (million US$)	Profit (million US$)	No. of employees	No. of subsidiaries	No. of observation	Main Product & Services
Computer & electronics	Computer & electronics	Com. A	1969	178,217	20,064	392,305	199	139	Consumer electronics, semi-conductors
Machinery	Machinery	Com. B	2012	24,165	1,969	23,351	22	5	Mobile, TV, monitor display
		Com. C	1973	5,326	20	30,469	27	80	MLCC, circuit board
		Com. D	1970	4,592	186	9,115	19	25	Lithium-ion batteries
		Com. E	1962	7,668	7	9,168	49	1	Power and telecommunication cable
		Com. F	2008	1,844	54	6,885	16	2	Tractor, copper foil, FCCL
		Com. G	1973	804	36	2,000	7	6	Switch, lamp, control system, sensor
Others	Metal	Com. H	1936	6,167	271	900	43	1	Rare and precious metals
	IT services	Com. I	1985	7,222	454	13,038	53	2	Consulting services, IT implementation
		Com. J	1984	15,094	1,466	4,399	22	1	Telecommunication, service platform
	Construction	Com. K	1974	9,194	▲123	11,897	11	1	Shipbuilding, offshore
		Com. L	1963	24,810	18	10,252	67	5	Construction, trading, fashion, resort
	Services	Com. M	1991	130	0.03	282	1	5	Consulting, economic and industry research
	Finance & Insurance	Com. N	1982	3,479	243	2,177	5	1	Wholesale, investment banking
		Com. O	1998	147	47	290	4	4	Fund management, investment advisory
		Com P	1952	16,516	772	5,754	8	1	Fire & Marine insurance
	Beverage	Com. Q	1987	3,975	1,082	4,158	6	5	Beverage, tobacco, health food

* Source - 2016 Annual reports, Corporate Responsibility Report

With regard to subsidiary staffing types, 13.0% of subsidiary-unit managers have no international experience, 87.0% of whom have international experience (paper #2). Among them, 36.9% are PCNs with host country experience, 28.5% are PCNs with third country experience and 16.2% are HCNs with home country experience. But there are only four TCNs who have international experience in the host or home country. In the case of paper #3, 15.1% of subsidiary-unit managers have no international experience, with 84.9% having international experience. Among them, 63.0% are PCNs with host country experience, and 11.9% are HCNs with home country experience (Table 3-4).

[Table 3-4. Subsidiary Staffing Choices in South Korean MNEs]

Subsidiary Staffing Types		Paper #2		Paper #3		Average ratio
		Number	Ratio (%)	Number	Ratio (%)	
Nationality	PCNs without prior international experience	20	7.0	20	8.4	7.7
	HCNs without prior international experience	16	5.6	16	6.7	6.2
	TCNs without prior international experience	1	0.4	-	-	0.4
Sub Total		37	13.0	36	15.1	13.0
Nationality X International Experience	PCNs with host country experience	105	36.9	150	63.0	50.0
	PCNs with third country experience	81	28.5	-	-	28.5
	HCNs with home country experience	46	16.2	52	11.9	14.1
	HCNs with third country experience	11	3.9	-	-	3.9
	TCNs with home country experience	3	1.1	-	-	1.1
	TCNs with host country experience	1	0.4	-	-	0.4
Sub Total		247	87.0	202	84.9	86.0
Total		284	100.0	238	100.0	

In case of paper #2, participants were predominantly from South Korea (69.4%), China (15.1%) and Thailand (4.9%), with the remainder spread amongst 14 other countries such as Vietnam, Singapore, India, Hungary, and Germany. In paper #3, they were predominantly from South Korea (68.1%), China (17.2%) and Thailand (5.9%) with remainders among 14 countries (Table 3-5).

[Table 3-5. Nationality in South Korean MNEs]

Regions	Country	Paper #2		Paper #3		Average ratio
		Number	Ratio (%)	Number	Ratio (%)	
Asia	South Korea	197	69.4	162	68.1	68.8
	China	43	15.1	41	17.2	16.2
	Thailand	14	4.9	14	5.9	5.4
	Vietnam	4	1.4	4	1.7	1.6
	Singapore	3	1.1	2	0.8	1.0
	India	2	0.7	2	0.8	0.8
	Malaysia	2	0.7	1	0.4	0.6
	Qatar	1	0.4	1	0.4	0.4
	Taiwan	1	0.4	1	0.4	0.4
Europe	Hungary	3	1.1	2	0.8	1.0
	Germany	3	1.1	3	1.3	1.2
	UK	2	0.7	1	0.4	0.6
	Slovakia	2	0.7	1	0.4	0.6
	Romania	1	0.4	1	0.4	0.4
	Spain	1	0.4	1	0.4	0.4
	Czech	1	0.4	-	-	0.2
America	US	4	1.4	1	0.4	0.9
Total		284	100.0	238	100.0	

* Including Hong Kong

Demographic statistics are provided in Table 3-6. With regard to job functions, the majority of the sample belongs to either production (37.4%) or the staff (e.g., HR and finance) categories (35.5%). 40.4% senior managers; 40.4% directors; 17.2% managers; and 2.1% of the sample are executives. 92.5% of the sample is male. 67.4%

of the sample have worked for more than 16 years. The ages of the sample varies between people in their 30s to those over 56. The majority of the sample (75.4%) is in their 40s.

[Table 3-6. Demographic Statistics in South Korean MNEs]

Regions	Country	Paper #2		Paper #3		Average ratio
		Number	Ratio (%)	Number	Ratio (%)	
Job function	Staff	100	35.2	85	35.7	35.5
	Sales & Marketing	48	16.9	35	14.7	15.8
	Production	104	36.6	91	38.2	37.4
	R&D	32	11.3	27	11.4	11.4
Job grade	Manager	47	16.6	42	17.7	17.2
	Sr. manager	115	40.5	96	40.3	40.4
	Director	115	40.5	96	40.3	40.4
	Executive	7	2.4	4	1.7	2.1
Tenure	1~5 year	1	0.1	1	0.1	0.1
	6~10 year	11	3.9	10	4.3	4.1
	11~15 year	81	28.6	67	28.3	28.5
	More than 16 year	191	67.4	160	67.3	67.4
Gender	Male	263	92.6	220	92.4	92.5
	Female	21	7.4	18	7.6	7.5
Age	31~35 years	5	1.8	5	2.1	2.0
	36~40 years	48	17.0	41	17.2	17.1
	41~45 years	119	42.0	103	43.3	42.7
	46~50 years	95	33.5	76	31.9	32.7
	51~55 years	16	5.6	13	5.5	5.6
	More than 56 years	1	0.1	0	0.0	0.1
Total		284	100.0	238	100.0	

3.6. Measurement of Variables

This section addresses the main variables used in the analyses across the three papers of this thesis. As noted, the three papers investigate how various international experience of subsidiary-unit managers are related to dual advice networks and subsidiary-unit performance at a subsidiary-unit level. All variables are measured based on previous literature (see Table 3-8).

The extent of international experiences was measured by counting the number of experiences lasting more than one month. For example, if respondent B has both work and cross-national development opportunities experience more than one month, respondent B was coded as 2 (see Table 3-7).

[Table 3-7. Measurement of the Number of International Experiences]

Respondent	International Experience Types					Scales
	Work	Study	Cross-national development opportunities	Travel	Residence before 18 years old	
A	X	X	X	X	X	1
B	O	X	X	X	X	2
C	O	X	O	X	X	3
D	O	O	O	X	X	4
E	O	O	O	O	X	5
F	O	O	O	O	O	6

[Table 3-8. Variables and Measurement]

Key Variables				Measurement	Scale	References	Sources
International Experience	PCNs	Work experience (e.g., expatriation, short-term assignees, international commuters, frequent flyers)	Extent	Total number of prior work experience in the host country	Actual data	Godart, Maddux, Shipilov, & Galinsky (2015)	• Survey by a questionnaire (for HR manager) • Company documents (individual profile) • Personal information in 'Linked-in'
			Duration	Summing months of prior work experience in the host country	Actual data	Takeuchi, Tesluk, Yun, & Lepak (2005)	
		Study (bachelor's degree or higher)	Extent	Total number of prior study experience in the host country	Actual data	Godart, Maddux, Shipilov, & Galinsky (2015)	
			Duration	Summing months of prior study experience in the host country	Actual data	Takeuchi, Tesluk, Yun, & Lepak (2005)	
		Cross-national development opportunities (e.g., regional expert programme, local language training)	Extent	Total number of prior cross-national development opportunities in the host country	Actual data	Godart, Maddux, Shipilov, & Galinsky (2015)	
			Duration	Summing months of prior cross-cultural experience in the host country	Actual data	Takeuchi, Tesluk, Yun, & Lepak (2005)	
		Travel	Extent	Total number of prior travel experience in the host country	Actual data	Godart, Maddux, Shipilov, & Galinsky (2015)	
			Duration	Summing months of prior travel experience	Actual data	Takeuchi, Tesluk,	

Key Variables				Measurement	Scale	References	Sources
				in the host country		Yun, & Lepak (2005)	
		Residence experience in the host country before 18 years old	Extent	Total number of prior residence experience in the host country	Actual data	Godart, Maddux, Shipilov, & Galinsky (2015)	
			Duration	Summing months of prior residence experience in the host country	Actual data	Takeuchi, Tesluk, Yun, & Lepak (2005)	
	HCNs	Work experience (e.g., inpatriates)	Extent	Total number of prior work experience in the home country	Actual data	Godart, Maddux, Shipilov, & Galinsky (2015)	
			Duration	Summing months of prior work experience in the home country	Actual data	Takeuchi, Tesluk, Yun, & Lepak (2005)	
		Study (bachelor's degree or higher)	Extent	Total number of prior study experience in the home country	Actual data	Godart, Maddux, Shipilov, & Galinsky (2015)	
			Duration	Summing months of prior study experience in the home country	Actual data	Takeuchi, Tesluk, Yun, & Lepak (2005)	
		Cross-national development opportunities (e.g., regional expert programme, local language training)	Extent	Total number of prior cross-national development opportunities in the home country	Actual data	Godart, Maddux, Shipilov, & Galinsky (2015)	
			Duration	Summing months of prior cross-cultural experience in MNE home country	Actual data	Takeuchi, Tesluk, Yun, & Lepak (2005)	
		Travel	Extent	Total number of prior travel experience in the home country	Actual data	Godart, Maddux, Shipilov, & Galinsky (2015)	
			Duration	Summing months of prior travel experience in the home country	Actual data	Takeuchi, Tesluk, Yun, & Lepak (2005)	

Key Variables				Measurement	Scale	References	Sources
		Residence experience in the home country before 18 years old	Extent	Total number of prior residence experience in the home country	Actual data	Godart, Maddux, Shipilov, & Galinsky (2015)	
			Duration	Summing months of prior residence experience in the home country	Actual data	Takeuchi, Tesluk, Yun, & Lepak (2005)	
Advice Networks	With managers in the subsidiary	Size		Total number of contacts with managers in the subsidiary of subsidiary-unit manager currently has and considers important for advice-seeking	1=never, 2=less than once a month, 3=1~3 times a month, 4=1~3 times a week, 5=daily	Semrau & Werner (2014)	• Survey by a questionnaire (for subsidiary-unit manager)
		Strength		The extent to which subsidiary-unit manager seeks advice from managers in the subsidiary during the prior 12 months	1=1-3 times a year, 2=less than once a month, 3=1~3 times a month, 4=1~3 times a week, 5=daily	McDonald, Khanna, & Westphal (2008)	
		Benefits		The extent to which subsidiary-unit manager obtains benefits such as problem reformulation, generating solutions, validation, and legitimation from managers in the subsidiary	1=not at all, 2=little, 3=average, 4=much, 5= very much	Cross, Borgatti, & Parker (2001)	
	With managers in local parties	Size		Total number of contacts with managers in local parties of subsidiary-unit manager currently has and considers important for advice-seeking	1=never, 2=less than once a month, 3=1~3 times a month, 4=1~3 times a week, 5=daily	Semrau & Werner (2014)	
		Strength		The extent to which subsidiary-unit manager seeks advice from managers in local parties during the prior 12 months	1=1-3 times a year, 2=less than once a month, 3=1~3 times a month, 4=1~3 times a week, 5=daily	McDonald, Khanna, & Westphal (2008)	

Key Variables			Measurement	Scale	References	Sources
		Benefits	The extent to which subsidiary-unit manager obtains benefits such as problem reformulation, generating solutions, validation, and legitimation from managers in local parties	1=not at all, 2=little, 3=average, 4=much, 5= very much	Cross, Borgatti, & Parker (2001)	
	With managers in corporate HQ	Size	Total number of contacts with managers in corporate HQ of subsidiary-unit manager currently has and considers important for advice-seeking	1=never, 2=less than once a month, 3=1~3 times a month, 4=1~3 times a week, 5=daily	Semrau & Werner (2014)	
		Strength	The extent to which subsidiary-unit manager seeks advice from managers in corporate HQ during the prior 12 months	1=1-3 times a year, 2=less than once a month, 3=1~3 times a month, 4=1~3 times a week, 5=daily	McDonald, Khanna, & Westphal (2008)	
		Benefits	The extent to which subsidiary-unit manager obtains benefits such as problem reformulation, generating solutions, validation, and legitimation from managers in corporate HQ	1=not at all, 2=little, 3=average, 4=much, 5=very much	Cross, Borgatti, & Parker (2001)	
	With managers in peer subsidiaries	Size	Total number of contacts with managers in peer subsidiaries of subsidiary-unit manager currently has and considers important for advice-seeking	1=never, 2=less than once a month, 3=1~3 times a month, 4=1~3 times a week, 5=daily	Semrau & Werner (2014)	
		Strength	The extent to which subsidiary-unit manager seeks advice from managers in peer subsidiaries during the prior 12 months	1=1-3 times a year, 2=less than once a month, 3=1~3 times a month, 4=1~3 times a week, 5=daily	McDonald, Khanna, & Westphal (2008)	
		Benefits	The extent to which subsidiary-unit manager	1=not at all, 2=little,	Cross, Borgatti, &	

Key Variables			Measurement	Scale	References	Sources
			obtains benefits such as problem reformulation, generating solutions, validation, and legitimation from managers in peer subsidiaries	3=average, 4=much, 5=very much	Parker (2001)	
Subsidiary-unit performance			Ratio of goal achievement (weighted average of achievement rates across key performance indicators)	Actual data	Dowling, Festing, & Engle (2008)	• Company documents • Survey by a questionnaire
Control Variables		Individual characteristics	Nationality : the country in which an individual spent the majority of her or his formative years	PCNs = 0, HCNs = 1, TCNs = 2 (dummy variable)	Hyun, Oh, & Paik (2014)	• Survey by a questionnaire
			Job function	1=R&D, 2=sales & marketing, 3=production, 4=staff		
			The total tenure in entire career (Not tenure in current company or subsidiary)	1= less than 1 year, 2=1~5 years, 3=6~10 years, 4=11~15 years, 5=more than 16 years		
			Job Grade	1=Manager 2=Sr. Manager 3=Director 4=Executive		
			Gender	1=male, 2=female		

Key Variables		Measurement	Scale	References	Sources
		Age	1= below 25, 2=26~30, 3=31~35, 4=36~40, 5=41~45, 6=46~50, 7=51~55, 8=over 56		
	Subsidiary characteristics	Subsidiary age	Months	Gong (2003a); Gaur, Delios, & Singh (2007)	• Survey by a questionnaire • Company documents
		Subsidiary size	The total number of subsidiary employees	Delios & Björkman (2000); Peng & Beamish (2014)	
		Subsidiary ownership	1=50~60%, 2=60~70%, 3=70~80%, 4=80~90%, 5=90~100%	Delios & Björkman (2000)	
		Subsidiary international strategy - The parent company has centralized many functions, such as R&D, finance, & procurement - This subsidiary conducts many major functions locally - The parent company has a high extent standardised products & services worldwide - The parent firm has adopted its products and services to a high degree to the local context	Dummy variables 1=Transnational (if local = high and integrated = high), 0=Multi-domestic (if local = high and integration = low), or Global (if local = low and integrated = high)	Meyer & Su (2015)	• Survey by a questionnaire
	Host country effects	The level of education	Total number of people who has	Harzing (2001)	• ISCED 2011

Key Variables		Measurement	Scale	References	Sources
			bachelor or equivalent degree		
		GDP	Actual data	Peng & Beamish (2014)	• World Development Indicators
	Parent firm characteristics	Size of the parent firm	Revenue / the total number of employees	Harzing (2001)	• Company documents
		Industry	1=Computer & electronics, 2=Machinery, 0=Others (Metal, Information technology, Construction, Services, Finance & Insurance, Beverage)	Kobrin (1991)	• Company documents
	Home country-host country distance	Cultural distance	Cultural distance from South Korea-host countries (Hofstede's country scores on the dimensions of power distance, uncertainty avoidance, individualism and masculinity	Kogut & Singh (1988); Gong (2003a); Colakoglu & Caligiuri (2008)	• Hofstede website (www.geert-hofstede.com)

3.7. Statistical Methods

This section provides an overview of the statistical methods used in paper #2 and #3. Paper #1 is a review paper, while paper #2 employs a multiple regression analysis, and Paper #3 uses SEM, with a clustering analysis (k-means method).

3.7.1. Case Selection

The case selection criteria for dual advice networks were based on staffing types which combined nationality with international experience. For example, as I aimed at measuring more relevant international experiences of subsidiary managers in relation to their dual advice networks, rather than measuring their ‘general’ international experiences, dual advice networks in home and host country were created by summing total number of PCNs, PCNs with host country, HCNs, and HCNs with home country experiences in the sample. The variable ‘dual advice networks in home and host country’ was used in paper #2 and #3.

Further, I aimed to reflect various types of international experience accurately. If someone has experience in more than two different countries, his or her ‘staffing choice’ is determined based on the longest international experience: a subsidiary-unit manager in Vietnam who was born in South Korea with three years’ experience in China, and one year in Vietnam, was categorised as a PCN with third country experience.

3.7.2. Cluster Analysis: K-means Method for Dual Advice Networks

Both paper #2 and #3 employ a ‘K-means clustering’ method to identify dual advice networks of subsidiary-unit managers. Cluster analysis or clustering is the art of grouping a set of objects in such a way that objects in the same group are more similar to each other than to those in other groups, while objects in different groups are as dissimilar as possible (Kaufman & Rousseeuw, 1990).

While there are various clustering algorithms which substantially differ in their notion of a cluster and their method for finding the clusters, K-means clustering' is a method which has been widely used in a variety of application domains was used in both paper #2 and #3 (Wagstaff, Cardie, Rogers, & Schrödl, 2001). K-means clustering was initially termed by MacQueen (1967: 221) who described it as "a process for partitioning an N-dimensional population into k sets on the basis of a sample". Thus, K-means clustering is a method commonly used to partition a data set into k groups. It proceeds by selecting k initial cluster centres and then, iteratively refines them in such a way that each instance in the data set is assigned to its closest cluster centre and each cluster centre is updated to be the mean of its constituent instances. The algorithm converges until there is no further change in assignment of instances to clusters (Wagstaff et al., 2001). K-means clustering is recognised to implicitly minimise the variance within each cluster and is more robust than other hierarchical methods in regard to the presence of outliers and errors in the distance measures as well as the choice of a distance metric (Punj & Stewart, 1983).

3.7.3. Analysis of Mediating Effects: Structural Equation Modelling

The use of SEM software to conduct statistical mediation analyses is a growing trend among social and behavioural scientists (Hayes, 2009). SEM is defined as "a multivariate statistical technique for testing structural theory that has gained popularity in many business disciplines' (Jöreskog, 1994: 297). SEM can be seen as a family of statistical models which look to explain the relationships among multiple variables (Hair, Black, Babin, Anderson, & Thatham, 2006: 735).

It is valuable to distinguish the terminologies of latent variables into observed variables used in SEM. Theoretical constructs cannot be observed and measured directly, and these abstract phenomena are defined as latent variables. Thus, the latent variable must be represented by several sub-variables operationally. In doing so, a latent variable is linked to observable data thereby making its measurement possible. These measured scores are termed observed variables and serve as indicators of the underlying construct (latent variable) that they are presumed to represent in SEM (Byrne, 2016).

The methodology in SEM takes a confirmatory (i.e., hypothesis - testing) rather than an exploratory approach to data analysis (e.g., Byrne, 2016). Thus, SEM is viewed as a method of testing specified theory about relationships between theoretical constructs (Jöreskog, 1994). Researchers should draw upon theory and the research objectives to identify the independent and dependent variables and to build the structure relations between these variables. The the proposed relationships are then translated into a series of structure equations for each dependent variable (Hair et al., 2006).

The primary task in SEM is to determine the goodness of fit between the hypothesised model and the sample data. Typically, the researcher imposes the structure of the hypothesised model on the sample data and tests how well the observed data fit into this restricted structure (Byrne, 2016). This study adopts Analysis of Moment Structures (AMOS) 24 for SEM estimation. The AMOS outputs provide several model fit indicators: chi-square value, goodness of fit index (GFI), adjusted goodness of fit index (AGFI), parsimony goodness of fit index (PGFI), root mean square residual (RMR), Turker-Lewis Index (TLI), comparative fit index (CFI), and root mean square error of approximation (RMSEA).

SEM has many advantages compared to multiple regressions. First, SEM can reduce measurement error by providing explicit estimates of error variance parameters, whereas multivariate procedures are incapable of assessing measurement error. Second, SEM can integrate observed and unobserved variables, whereas multiple regressions are based on observed measurement only. Finally, SEM can easily estimate indirect effects that multiple regressions usually cannot (Byrne, 2016; Garson, 2015).

In this study, SEM is used to test the mediating effects of dual advice networks on the relationship between international experience and subsidiary-unit performance in paper #3.

3.7.4. Analysis of Indirect Effects: Phantom Model Approach

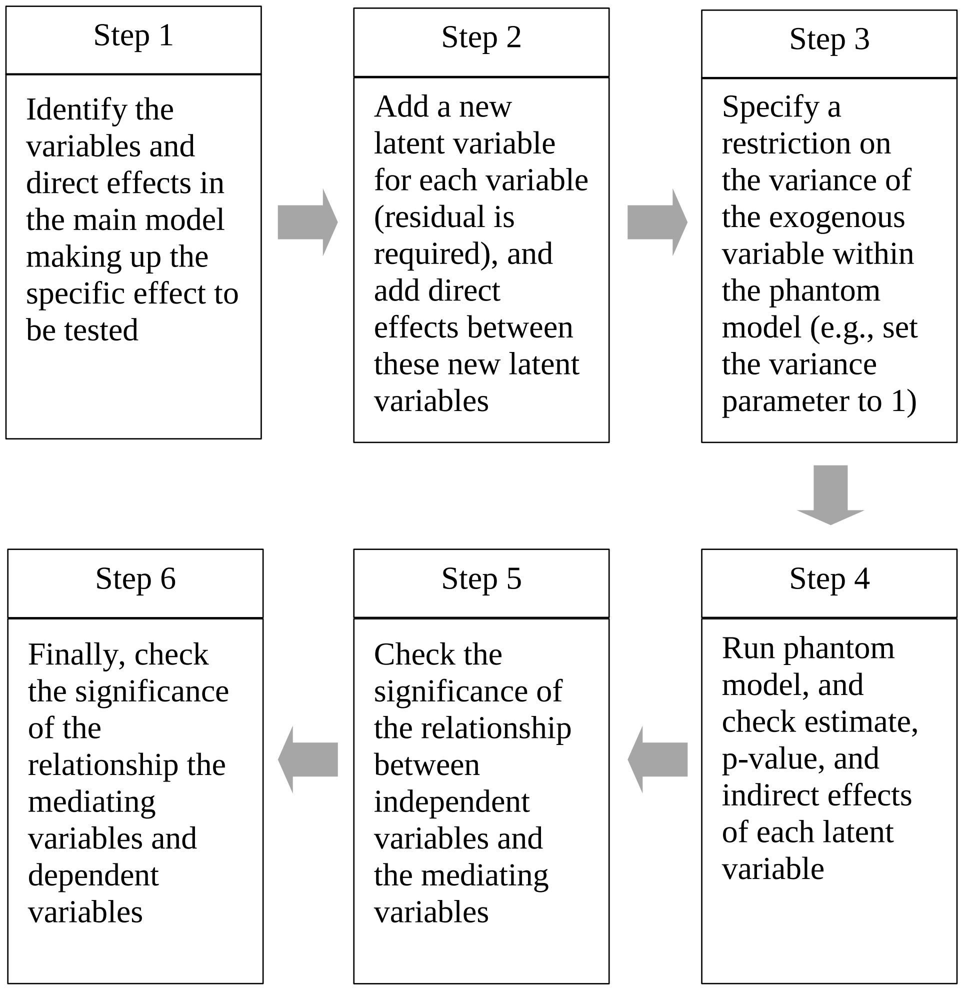
Although accessible or user-friendly covariance structure modelling programmes, such as AMOS (Byrne, 2016), provide empirical significance tests of total indirect effects, they do not provide tests of specific indirect effects. Other approaches are required by researchers' who are interested in examining specific intervening pathways in a postulated theoretical model primary concern (Mallinckrodt, Abraham, Wei, & Russell, 2006).

The phantom model approach, suggested by Macho and Ledermann (2011), is a novel method for assessing specific indirect effects, and it enables researchers to conduct robust tests of specific mediation hypotheses. In terms of the comparison of effects, the phantom model approach may be used for contrasting more than two specific effects. A comparison of the specific effects can foster a better understanding of the significance of the intervening variables (Ledermann & Macho, 2009).

The phantom model approach is well suited for complex models and for users employing SEM software with a graphical interface enabling the representation of a model by means of a causal diagram. If the specific effect is represented as a total effect within a phantom model, then SEM programmes enabling the estimation of total effects provide point estimates of the specific effect or the contrast between effects.

The utility of the phantom model approach derives from the following favourable characteristics: First, the method does not require the elaboration of complex formulas which may be not only daunting for researchers, but also more error prone. Second, the method enables the bootstrapping of confidence intervals for specific effects. Third, the approach is very flexible by allowing the estimation, testing, and comparison of arbitrary specific effects in recursive and non-recursive models with manifest and latent variables. The construction of a phantom model which represents the specific effect of interest consists in the following steps in SEM (Macho & Ledermann, 2011).

[Figure 3-1. Analysis of Indirect Effects Process by Using Phantom Variables]



[Appendix 3-1. Survey Questionnaire (English)]

This research is for a PhD dissertation. Topic is staffing choices for subsidiary unit managers, their advice networks and performance in South Korean MNEs.

The survey is completely confidential and you will always remain anonymous. I treat the information from this survey with extreme caution, and will not share the data with your company. If you have any questions about any aspect of this, please do not hesitate to contact me at the e-mail address provided below and I will be happy to answer any questions you might have. Participation in this research is entirely voluntary and you have the right to withdraw from responding to the survey questions any time, and this will be without detriment.

In this survey, please answer the question based on your current job status.

Questions are as below, and it takes about 20 minutes.

Each and every completed questionnaire is a massive help to me when I try to understand your experiences. I know you have busy lives with work and life outside of work, so I am extremely grateful for your participation in the survey. I am looking forward to opening a window into your world at work.

You can contact me at chipoong.kim@pgr.reading.ac.uk, cpkim1@empal.com, or 82-10-4218-2124, 82-2-3780-8347 with any questions and I will try to answer any question you might have and provide further information.

With all our best wishes,

Chipoong Kim, PhD candidate, International Business & Strategy, Henley Business School, University of Reading, UK

Subsidiary Staffing Patterns Assessment Form

I. Nationality

Please assess current state of each item below about your nationality

1. Where is the country you work in currently? (   )
2. Where is the country you spent the majority of your formative years? (   )
3. What is your nationality in passport? (   )
4. Where is the country you were born in? (   )
5. Are you Korean descendent? (   )

II. International Experience

Please assess each item below about your international experience

[Work Experience]

1. Do you have work experience (full-time/part-time job, inpatriation - employee from subsidiary transferred to the corporate HQ on a semi-permanent basis, short-term assignees, international commuters, business trips etc.) in Korea?

   example. Type (inpatriation   ), Total duration in months (24 months   )

Type ( ), Total duration in months ( )
Type ( ), Total duration in months ( )
Type ( ), Total duration in months ( )

2. Do you have work experience (full-time/part-time job) in foreign subsidiaries of Korean MNEs?

Country ( ), Type ( ), Total duration in months ( )
Country ( ), Type ( ), Total duration in months ( )
Country ( ), Type ( ), Total duration in months ( )

3. Do you have work experience (full-time/part-time job, short-term assignees, international commuters, business trips etc.) in other countries (neither Korea nor the country you currently work)?

Country ( ), Type ( ), Total duration in months ( )
Country ( ), Type ( ), Total duration in months ( )
Country ( ), Type ( ), Total duration in months ( )

[Study Experience]

1. Do you have study experience (bachelor's degree or higher) in Korea?

example. Type (master degree), Total duration in months (24 months)

Type ( ), Total duration in months ( )
Type ( ), Total duration in months ( )

Type (   ), Total duration in months (   )

2. Do you have study experience (Bachelor's degree or higher) in other countries (neither Korea nor the country you currently work)?

Country (   ), Type (   ), Total duration in months (   )
Country (   ), Type (   ), Total duration in months (   )
Country (   ), Type (   ), Total duration in months (   )

[Cross-national Development Opportunities]

1. Do you have cross-national development opportunities (Korean language training, Korean cultural training etc.) in Korea?

Type (   ), Total duration in months (   )
Type (   ), Total duration in months (   )
Type (   ), Total duration in months (   )

2. Do you have cross-national development opportunities (regional expert programme, local language training, cross-cultural training etc.) in other countries (neither Korea nor the country you currently work)?

example. Type (English learning in Australia), Total duration in months (12 months)

Country (   ), Type (   ), Total duration in months (   )
Country (   ), Type (   ), Total duration in months (   )

Country ( ), Type ( ), Total duration in months ( )

[Travel Experience]

1. Do you have travel experience in Korea?

   Total duration in months regardless of numbers of visit ( )

2. Do you have travel experience in other countries (neither Korea nor the country you currently work)?

   Country ( ), Total duration in months regardless of numbers of visit ( )
   Country ( ), Total duration in months regardless of numbers of visit ( )
   Country ( ), Total duration in months regardless of numbers of visit ( )
   ***** The period travel: more than 1 month

[Residence Experience]

1. Do you have residence experience before 18 years old in Korea?

   Total duration in months ( )

2. Do you have residence experience before 18 years old in other countries (neither Korea nor the country you currently work)?

Country ( ), Total duration in months ( )
Country ( ), Total duration in months ( )
Country ( ), Total duration in months ( )

III-1. Subsidiary-unit manager's advice networks with managers in the local subsidiary you currently work in

Please make a list of manager's department and check current status of your advice networks (① ~ ⑤)

No.	Manager's department	Strength	Benefits obtained from asking others **(① = not at all, ② = little, ③ = average, ④ = much, ⑤ = very much)**			
		How often do you seek advice from managers in the host country? **(① = 1-3 times a year, ② = less than once a month, ③ = 1–3 times a month, ④ = 1–3 times a week, ⑤ = daily)**	Problem reformulation (to broaden understanding of problems and reform issues)	Generate solutions (to create solutions to problems by getting useful information)	Validation (to validate plans or solutions through valuable interaction)	Legitimation (to increase credibility by citing respected sources)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

III-2. Subsidiary unit manager's advice networks with managers in external parties with regard to businesses in the host country (e.g., government officers, suppliers, customers, vendors, and experts in other companies)

Please make a list of manager's department and check current status of your advice networks (① ~ ⑤)

No.	Manager's department	Strength	Benefits obtained from asking others **(① = not at all, ② = little, ③ = average, ④ = much, ⑤ = very much)**			
		How often do you seek advice from managers in external parties with regard to businesses in the host country? **(① = 1-3 times a year, ② = less than once a month, ③ = 1–3 times a month, ④ = 1–3 times a week, ⑤ = daily)**	Problem reformulation (to broaden understanding of problems and reform issues)	Generate solutions (to create solutions to problems by getting useful information)	Validation (to validate plans or solutions through valuable interaction)	Legitimation (to increase credibility by citing respected sources)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

III-3. Subsidiary-unit manager's advice networks with managers in team for direct communication in corporate HQs

Please make a list of manager's department and check current status of your advice networks (① ~ ⑤)

No.	Manager's department	Strength	Benefits obtained from asking others (① **= not at all, ② = little, ③ = average, ④ = much, ⑤ = very much)**			
		How often do you seek advice from managers in team for direct communication in corporate HQs? **(① = 1-3 times a year, ② = less than once a month, ③ = 1–3 times a month, ④ = 1–3 times a week, ⑤ = daily)**	Problem reformulation (to broaden understanding of problems and reform issues)	Generate solutions (to create solutions to problems by getting useful information)	Validation (to validate plans or solutions through valuable interaction)	Legitimation (to increase credibility by citing respected sources)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

III-4. Subsidiary-unit manager's advice networks with managers in peer subsidiaries of the company

Please make a list of manager's department and check current status of your advice networks (① ~ ⑤)

No.	Manager's department	Strength	Benefits obtained from asking others **(① = not at all, ② = little, ③ = average, ④ = much, ⑤ = very much)**			
		How often do you seek advice from managers in peer subsidiaries of the company? **(① = 1-3 times a year, ② = less than once a month, ③ = 1–3 times a month, ④ = 1–3 times a week, ⑤ = daily)**	Problem reformulation (to broaden understanding of problems and reform issues)	Generate solutions (to create solutions to problems by getting useful information)	Validation (to validate plans or solutions through valuable interaction)	Legitimation (to increase credibility by citing respected sources)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

IV. Subsidiary-unit Performance

Please assess performance of your department.

Items	2016
1. Ratio of goal achievement (%) * Weighted average of achievement rates across KPI(Key Performance Indicators)	
2. Assess overall business performance of subsidiary-unit 1= Significantly below target level 2= Below target level 3= Meet target level 4= Above target level 5= Exceptional	1 2 3 4 5
3. Overall subsidiary-unit performance comparing with other competitors subsidiaries 1= Significantly below 2= Below 3= Same 4= Above 5= Exceptional	1 2 3 4 5

V. Control Variables

• **Individual characteristics** ** please check circle*

1. Jon functions: R&D ( ), Sales/Marketing ( ), Production ( ), Staff ( ), Finance/Investment ( ), Design ( )

2. Tenure: less than 1 year ( ), 1~5 years ( ), 6~10 years ( ), 11~15 years ( ), more than 16 years ( )

** The total tenure in your career, not tenure in current company*

3. Job grade: Manager ( ), Sr. Manager ( ), Director ( ), Executive ( )

4. Gender: Male ( ), Female ( )

5. Age: ~25 ( ), 26~30 ( ), 31~35 ( ), 36~40 ( ), 41~45 ( ),
46~50 ( ), 51~55 ( ), 56~ ( )

• Subsidiary characteristics

1. The duration of subsidiary operation in the host country (years   months)

2. The total number of subsidiary employees (   )

3. Subsidiaries with full ownership (   ), with partial ownership (   ) * *please check circle*

4. Subsidiary international strategy * *please check circle*

Items	**①=very low, ②=low, ③=average, ④=high, ⑤=very much**				
The parent company has centralized many functions, such as R&D, finance, and procurement	①	②	③	④	⑤
This subsidiary conducts many major functions locally	①	②	③	④	⑤
The parent company has to a high extent standardised products and services worldwide	①	②	③	④	⑤
The parent firm has adopted its products and services to a high degree to the local context	①	②	③	④	⑤

• Parent firm characteristics

1. Parent firm's revenue (   ) Korean WON

2. Total number of employees (   )

- Thank you -

[Appendix 3-2. Survey Questionnaire (Korean)]

안녕하십니까? 먼저 바쁘신 와중에도 귀중한 시간을 내어 설문에 응해주신 점 진심으로 감사드립니다.
현재 저는 한국기업 해외법인 부서장(법인장에게 직접 보고하는 리더급 인력)의 해외경험 정도와 이것이 부서장분들의 소셜 네트워크와 성과에 미치는 영향을 연구하고 있습니다. 본 설문은 부서장분들의 귀중한 의견을 연구자료로 사용하고자 작성되었습니다.
귀하께서 응답하신 내용은 오직 순수 연구의 목적으로만 활용되며, 모든 것은 익명으로 처리됩니다.
또한 귀하의 응답은 귀하가 속한 조직의 상사나 회사에 절대 노출되지 않으며, 설문 응답으로 인한 어떠한 불이익도 없을 것임을 약속드립니다. 귀하의 솔직한 응답 부탁드립니다.
설문과 관련하여 궁금한 사항이 있으시면 언제든지 cpkim1@empal.com, chipoong.kim@pgr.reading.ac.uk, 82-2-3780-8347, 010-4218-2124 로 연락주시면 성심성의껏 응답드리도록 하겠습니다.
설문은 총 10 분 정도 소요될 예정입니다. 귀하의 설문은 저희에게 매우 큰 도움이 될 것입니다.
다시 한 번 귀하의 도움에 깊이 감사드립니다.

영국 Henley Business School, University of Reading 김치풍 드림

----------<부탁의 말씀>----------

1. 질문지는 총 16 페이지로 구성되어 있습니다.

2. 각 설문항목에 정답은 없습니다. 바람직하다고 사람들이 일반적으로 생각하는 것이 아닌, 귀하의 실제 생각을 그대로 응답해 주십시오.

3. 일부 문항은 귀하에게 해당되지 않을 수 있습니다.

I. 국적 (Nationality)

귀하의 현재 국적을 말씀하여 주십시오.

1. 귀하가 현재 근무하고 계신 국가는 어디입니까? (   )
2. 귀하가 지금까지 거주한 국가 중 현재 가치관과 성격 형성에 가장 큰 영향을 준 국가는 어디입니까? (   )
3. 여권상 귀하의 국적은 어디입니까? (   )
4. 귀하가 태어난 국가는 어디입니까? (   )
5. 귀하는 한국계 후손입니까? (   )

II. 해외경험 (International Experience)

귀하가 그 동안 쌓은 해외경험을 말씀해 주십시오.

[업무경험 (Work Experience)]

1. 귀하는 현재 근무 중인 국가에서 업무경험(정규직, 파트타임, 현장전문가, 주재원, 단기파견, 출장 등)을 가지고 있습니까?

   유형 (   ), 총 체류기간 (   ) 개월

   유형 (   ), 총 체류기간 (   ) 개월

유형 (   ), 총 체류기간 (   ) 개월

2. 귀하는 제 3 국(한국도 현재 근무 중인 국가도 아닌)에서 업무경험(정규직, 파트타임, 단기파견, 현장전문가, 출장 등)을 가지고 있습니까?

국가 (   ) 유형 (   ), 총 체류기간 (   ) 개월

국가 (   ) 유형 (   ), 총 체류기간 (   ) 개월

국가 (   ) 유형 (   ), 총 체류기간 (   ) 개월

[교육경험 (Study Experience)]

1. 귀하는 현재 근무 중인 국가에서 교육경험(학사학위 이상)을 가지고 계십니까?

유형 (   ), 총 체류기간 (   ) 개월

유형 (   ), 총 체류기간 (   ) 개월

유형 (   ), 총 체류기간 (   ) 개월

2. 귀하는 제 3 국(한국도 현재 근무 중인 국가도 아닌)에서 교육경험(학사학위 이상)을 가지고 계십니까?

국가 (   ) 유형 (   ), 총 체류기간 (   ) 개월

국가 (   ) 유형 (   ), 총 체류기간 (   ) 개월

국가 (   ) 유형 (   ), 총 체류기간 (   ) 개월

[타국가 언어·문화 교육 기회 (Cross-national Development Opportunities)]

1. 귀하는 이전에 현재 근무 중인 국가의 언어·문화 체험 기회(지역전문가, 현지 언어교육, 현지 문화교육 등)를 가진 적이 있습니까?

유형 (   ), 총 기간 (   ) 개월
유형 (   ), 총 기간 (   ) 개월
유형 (   ), 총 기간 (   ) 개월

2. 귀하는 제 3 국(한국도 현재 근무 중인 국가도 아닌)의 언어·문화 체험 기회(지역전문가, 영어·중국어 어학연수, 이문화 교육 등)을 가진 적이 있습니까?

예) 국가 (호주   ) 유형 (영어연수   ), 총 기간 (12   ) 개월
국가 (   ) 유형 (   ), 총 기간 (   ) 개월
국가 (   ) 유형 (   ), 총 기간 (   ) 개월

[여행 경험 (Travel Experience)]

1. 귀하는 이전에 현재 근무 중인 국가를 여행한 경험이 있습니까?

   총 체류기간 (   ) 개월   *방문횟수에 관계없이 전체 여행 기간*

2. 귀하는 제 3 국(한국도 현재 근무 중인 국가도 아닌)을 여행하신 경험이 있습니까?

   국가 (   ) 총 체류기간 (   ) 개월

   국가 (   ) 총 체류기간 (   ) 개월

   국가 (   ) 총 체류기간 (   ) 개월

   **방문횟수에 관계없이 전체 여행 기간, 총 체류기간 1 달 이상 국가*

[거주 경험 (Residence Experience)]

1. 귀하는 18 세 이전에 현재 근무 중인 국가에 거주한 경험이 있습니까?

   총 체류기간 (   ) 개월

2. 귀하는 18 세 이전에 제 3 국(한국도 현재 근무 중인 국가도 아닌)에서 거주한 경험이 있습니까?

   국가 (   ), 총 체류기간 (   ) 개월

   국가 (   ), 총 체류기간 (   ) 개월

   국가 (   ), 총 체류기간 (   ) 개월

III-1. 해외법인 부서장의 현재 근무중인 법인 내 다른 부서장과의 조언 네트워크 (advice network)

현재 귀하가 근무중인 법인 내에서 평소 귀하가 조언을 구하는 부서장들의 부서명을 모두 적어주시고,
연락 빈도 및 조언이 귀하에게 얼마나 도움이 되는지 본인이 평소 느끼시는 바를 응답해 주십시오 (① ~ ⑤점).

No.	부서장들의 부서명 (Manager’s department)	연락 빈도 (Strength)	다른 사람에게 조언을 구함으로써 얻는 이익의 정도 **(□ = 전혀 없음, □ = 약간 있음, □ = 보통, □ = 많음, □ = 매우 많음)**			
		귀하는 각각의 부서장에게 얼마나 자주 조언을 구하고 있습니까? **(□ = 1 년에 1-3 회, □ = 한달에 1 회 미만, □ = 한달에 1–3 회, □ = 한주에 1–3 회, □ = 매일)**	이슈에 대한 이해의 폭을 넓힘으로써 이슈를 재정의	유용한 정보를 얻음으로써 문제 해결방안 도출	문제에 대한 해결방안 검증	명망 높은 사람에게 조언을 받는 그 자체로 해결방안의 신뢰성 제고
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III-2. 해외법인 부서장의 현재 근무중인 국가 내 다른 조직의 부서장(예: 정부 관리, 공급자, 소비자, 협력사 및 타 기업의 전문가/부서장)과의 조언 네트워크 (advice network)

현재 귀하가 근무중인 국가 내 다른 조직의 부서장 중에서 평소 귀하가 조언을 구하는 부서장들의 부서명을 모두 적어주시고, 연락 빈도 및 조언이 귀하에게 얼마나 도움이 되는지 본인이 평소 느끼시는 바를 응답해 주십시오 (① ~ ⑤점).

No.	부서장들의 부서명 (Manager's department	연락 빈도 (Strength)	다른 사람에게 조언을 구함으로써 얻는 이익의 정도 **(□ = 전혀 없음, □ = 약간 있음, □ = 보통, □ = 많음, □ = 매우 많음)**			
		귀하는 각각의 부서장에게 얼마나 자주 조언을 구하고 있습니까? **(□ = 1 년에 1-3 회, □ = 한달에 1 회 미만, □ = 한달에 1–3 회, □ = 한주에 1–3 회, □ = 매일)**	이슈에 대한 이해의 폭을 넓힘으로써 이슈를 재정의	유용한 정보를 얻음으로써 문제 해결방안 도출	문제에 대한 해결방안 검증	명망 높은 사람에게 조언을 받는 그 자체로 해결방안의 신뢰성 제고
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III-3. 해외법인 부서장의 한국 본사 내 부서장과의 조언 네트워크 (advice network)

한국 본사 내 부서장 중에서 귀하가 평소 조언을 구하는 부서장들의 부서명을 모두 적어주시고,

연락 빈도 및 조언이 귀하에게 얼마나 도움이 되는지 본인이 평소 느끼시는 바를 응답해 주십시오 (① ~ ⑤점).

No.	부서장들의 부서명 (Manager's department)	연락 빈도 (Strength)	다른 사람에게 조언을 구함으로써 얻는 이익의 정도 **(□ = 전혀 없음, □ = 약간 있음, □ = 보통, □ = 많음, □ = 매우 많음)**			
		귀하는 각각의 부서장에게 얼마나 자주 조언을 구하고 있습니까? **(□ = 1 년에 1-3 회, □ = 한달에 1 회 미만, □ = 한달에 1–3 회, □ = 한주에 1–3 회, □ = 매일)**	이슈에 대한 이해의 폭을 넓힘으로써 이슈를 재정의	유용한 정보를 얻음으로써 문제 해결방안 도출	문제에 대한 해결방안 검증	명망 높은 사람에게 조언을 받는 그 자체로 해결방안의 신뢰성 제고
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III-4. 해외법인 부서장의 현재 근무 중인 회사 내 타 해외법인 부서장과의 조언 네트워크 (advice network)

현재 귀하가 근무중인 회사 내 타 법인의 부서장 중에서 평소 귀하가 조언을 구하는 부서장들의 부서명을 모두 적어주시고, 연락 빈도 및 조언이 귀하에게 얼마나 도움이 되는지 본인이 평소 느끼시는 바를 응답해 주십시오 (① ~ ⑤점).

No.	부서장들의 부서명 (Manager's department)	연락 빈도 (Strength)	다른 사람에게 조언을 구함으로써 얻는 이익의 정도 **(□ = 전혀 없음, □ = 약간 있음, □ = 보통, □ = 많음, □ = 매우 많음)**			
		귀하는 각각의 부서장에게 얼마나 자주 조언을 구하고 있습니까? **(□ = 1 년에 1-3 회, □ = 한달에 1 회 미만, □ = 한달에 1–3 회, □ = 한주에 1–3 회, □ = 매일)**	이슈에 대한 이해의 폭을 넓힘으로써 이슈를 재정의	유용한 정보를 얻음으로써 문제 해결방안 도출	문제에 대한 해결방안 검증	명망 높은 사람에게 조언을 받는 그 자체로 해결방안의 신뢰성 제고
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IV. 현지법인 부서 성과 (Subsidiary-unit Performance)

귀하가 담당하고 계신 부서의 과거 2016 년 성과를 평가해 주십시오.

문항	2016 년
1. 귀하가 맡고 있는 부서의 목표(KPI) 달성도(%) : *법인 또는 전사의 성과가 아님	
2. 전반적인 업적에 대한 평가 1 = 목표 매우 미달 (significantly below target level) 2 = 목표 약간 미달 (below target level) 3 = 목표 달성 (meet target level) 4 = 목표 약간 초과 달성 (above target level) 5 = 목표 매우 초과 달성 (exceptional)	1 2 3 4 5
3. 경쟁사의 유사 업무를 수행하는 부서와 비교한 부서의 업적에 대한 평가 1 = 매우 저조 (significantly below) 2 = 저조 (below) 3 = 유사 (same) 4 = 우위 (above) 5 = 매우 우위 (exceptional)	1 2 3 4 5

V. 통제 변수 (Control Variables)

• 개인적 특성

1. 직군: 연구 ( ), 영업·마케팅 ( ), 생산 ( ), 경영지원 ( ), 금융전문 ( ), 디자인 ( )

2. 총 근속연수: 1 년 이하 ( ), 1~5 년 ( ), 6~10 년 ( ), 11~15 년 ( ), 16 년 이상 ( )

** 총 근속연수는 현재 근무중인 회사를 포함한 귀하가 근무한 전체 근속연수를 의미*

3. 직급: 과장급 ( ), 차장급 ( ), 부장급 ( ), 임원급 ( )

4. 성별: 남 ( ), 여 ( )

5. 연령: ~25 세 이하 ( ), 26~30 세 ( ), 31~35 세 ( ), 36~40 세 ( ),
41~45 세 ( ), 46~50 세 ( ), 51~55 세 ( ), 56 세 이상 ( )

• 해외법인 특성 **(Subsidiary characteristics)**

1. 법인 설립 연도 (　　　　　년　　　　　월)

2. 총 인력수 (　　　　　　명)

3. 지배구조: 100% 지분 보유 (　　　　　　), 일부 지분 보유 (　　　　　　)

4. 현지법인의 국제화 전략 (subsidiary international strategy)

문항	**□ = 전혀 그렇지 않다, □ = 그렇지 않다, □ = 보통이다, □ = 그렇다, □ = 매우 그렇다**				
본사가 대다수의 기능(예: R&D, 재무, 조달 등)을 중앙집권화하여 운영해 오고 있다	①	②	③	④	⑤
현지법인은 대다수의 주요 기능을 자체적으로 수행하고 있다	①	②	③	④	⑤
본사는 전 세계적으로 표준화된 제품과 서비스를 가지고 있다	①	②	③	④	⑤
본사는 현지에 적합한 제품과 서비스를 개발해왔다	①	②	③	④	⑤

• 본사 특성 **(Parent firm characteristics)**

1. 전사매출 (　　　　　　)억원

2. 전사 인원수 (　　　　　　)명

- 바쁘신 중에도 도와주셔서 대단히 감사합니다 -

Chapter 4. Beyond Nationality: International Experience as a Key Dimension for Subsidiary Staffing Choices in MNE (Paper #1)

4.1. Abstract

The literature on international staffing in MNEs often focuses on staffing choices based on nationality categories: choosing either parent country nationals or HCNs for key managerial positions in subsidiaries. However, given the subsidiary's dual embeddedness within the MNE and in the local milieu, they may look to appoint managers with relevant international experience who can access both HQ and local sources of knowledge. In order to capture various staffing options in practice, I propose international experience as an underlying dimension for subsidiary staffing choices in MNEs, and evaluate various staffing options in detail. I also discuss their implications for the development of social capital and knowledge flows in multi-directions.

Keywords: international staffing, multinational enterprises (MNEs), nationality, international experience, social capital, knowledge flow

4.2. Introduction

The competitiveness of a MNE depends on its capacity to source, transfer, combine and utilise knowledge from internal and external sources across a range of geographical locations (Bartlett & Ghoshal, 1989). To be effective, each subsidiary of an MNE should be able to access knowledge from HQ as well as local external parties (Birkinshaw et al., 2005), given the dual embeddedness of the subsidiary within the MNE and in the local context (Meyer et al., 2011). A subsidiary can gain competitive advantages that are difficult to replicate by local competitors if it acquires knowledge - technology, know-how, policies and practices from HQ, peer subsidiaries, and local parties - and translates and utilises it in ways relevant to the local context based on its context-specific knowledge such as customer preferences and market insights (Roth & O'Donnell, 1996).

These knowledge flows for subsidiaries would be limited where subsidiary managers find it difficult to access sources of such knowledge from HQ and from local parties. In this regard, social capital, the sum of actual or potential resources embedded in the network of relationships possessed by an individual (Nahapiet & Ghoshal, 1998), is particularly important. Social capital contributes to knowledge flows and efficient coordination by providing networks of relationships that span the MNE's global operations (Kostova & Roth, 2003) and builds trust which nurtures the willingness to share information with geographically and culturally distant employees (Adler & Kwon, 2002).

Subsidiary staffing in the extant literature refers to the employment of PCNs, HCNs, and TCNs to fill key positions (Colakoglua et al., 2009) with the objectives of responding to host market needs, and transferring knowledge across national borders (Harzing, 2001a; Scullion & Collings, 2006). The issue of subsidiary staffing in MNEs has attracted significant attention in the fields of international business and international human resource management research (Belderbos & Heijltjes, 2005; Collings et al., 2007).

Much of this literature, however, confines the staffing decision for key positions in a subsidiary to a choice between PCNs and HCNs (Lazarova, 2006) - with limited attention to TCNs (Gong, 2003b). From the social capital and knowledge-based perspectives, PCNs are better connected to HQ than HCNs, so they play a critical role in the knowledge transfer process from HQ to subsidiaries (Harzing et al., 2015). But they may know little about the local environment. By contrast, HCN subsidiary managers are disadvantaged in the exchange of knowledge between HQ and the foreign affiliates due to their limited connections to key HQ personnel (Sekiguchi et al., 2011), but can access local knowledge and respond to local requirements more effectively by using their local networks (Vance et al., 2009).

This dichotomous subsidiary staffing option may be too simplistic to capture emerging patterns of subsidiary staffing. For example, MNEs can use international assignments strategically to develop a pool of potential subsidiary managers (Caligiuri & Colakoglu, 2007). They can hire foreign nationals who have the MNE's home country experience (Piaskowska & Trojanowski, 2014), and use short-term international assignments to provide international experience (Wang & Tran, 2012). They can also use inpatriation (Collings et al., 2010), bi-culturals (Furusawa & Brewster, 2015), immigrants (Cerdin, Abdeljalil Diné & Brewster, 2014; Chou, 2018; Hagan, Lowe & Quingla, 2011) and self-initiated expatriates (SIEs) (Andresen, Al Ariss & Walther, 2013; Vaiman & Haslberger, 2013; Zhang & Rienties, 2017). Arguably, these alternative staffing options might have considerable potential to overcome the limits of PCN and HCN managers.

I review subsidiary staffing and alternative staffing literature and make two contributions to the literature. First, we suggest international experience as an underlying dimension of various staffing choices, to capture emerging subsidiary staffing options, offering a new typology based on the two dimensions of international experience and nationality to capture emerging as well as traditional staffing options. Second, I identify the implications of these staffing options for organizational outcomes, particularly social capital and knowledge flows within MNEs (Downes & Thomas, 2000; Taylor, 2007).

The paper takes the following form. I review previous literature on subsidiary staffing in MNEs. I evaluate potential implications of each staffing option for the development of various forms of social capital which enable knowledge to flow between HQ, local parties and subsidiaries. Finally, based on this review, I provide suggestions for future research on subsidiary staffing in MNEs.

4.3. Studies on Subsidiary Staffing in MNEs

The first analysis of subsidiary staffing was Perlmutter's (1969) widely cited typology of MNEs as ethnocentric, polycentric, and geocentric. The ethnocentric staffing policy assigns PCNs to key positions in the subsidiaries, while the polycentric staffing policy proposes that managers in the subsidiaries should be HCNs. The geocentric staffing policy seeks the best people for key positions throughout the organization, regardless of their nationality. Later, regio-centric supplemented the typology (Heenan & Perlmutter, 1979). Regio-centric policy is more likely to staff with a composition weighted toward TCNs - who have been socialised at the regional HQs (Tarique et al., 2006), and have the skills to run subsidiary operations, and often carry regional management responsibilities (Schuler et al., 1993).

Subsidiary staffing issues began to be explored seriously during the 1980s (Collings et al., 2009). Much of the early literature concerns issues related to assigned PCN expatriates such as their selection, training and development, adjustment, and failure (Perera et al., 2017). There was little literature devoted to HCNs or TCNs. Subsidiary staffing studies in the late 1980s and early 1990s focused on the latter stages of the expatriate cycle such as evaluation and repatriation (Stahl et al., 2002), but also expanded geographically from US MNEs to European MNEs (Suutari & Brewster, 2001), demographically to female expatriates (Altman & Shortland, 2008) and latterly to alternatives to expatriation, such as short-term assignments and international business travel (Collings et al., 2007; Mäkelä et al., 2015).

These studies usually assumed that PCNs and HCNs are the major subsidiary staffing choices for MNEs (Harzing, 2001b). Despite their high cost, assigned PCNs remain a valuable staffing option for MNEs as they are believed to understand and internalise the values and beliefs of the parent company (Collings et al., 2007; Gong, 2003a). They facilitate the communication process between the parent company and its affiliates (Downes & Thomas, 2000; Riusala & Suutari, 2004). On the other hand, HCNs - employees of the MNEs who work in the foreign subsidiary and are citizens of the country where the foreign subsidiary is located - can respond to the conditions and requirements of the host country more effectively than PCNs, as they are familiar with the cultural, economic, political, and legal environment of the host country (Tarique et al., 2006). HCNs might, for example, be better able to negotiate with local suppliers, buyers, and governments (Harzing, 2001b).

It has been argued that TCNs, who are neither nationals of the assignment country nor of the country in which the HQ is located (Bahn & Cameron, 2013), may represent an important means by which MNEs can enlarge their managerial pool with people with international experience (Collings et al., 2008). While some recent conceptual contributions have recognised the significance of TCNs as a staffing choice (Gong, 2003b; Tarique et al., 2006), there has been limited work on the actual use of TCNs (Collings et al., 2008; Tungli & Peiperl, 2009).

A considerable body of research already exists on international staffing in MNEs (Tarique et al., 2006; Collings et al., 2009). It seems that a combination of PCNs and HCNs promotes constructive debates and strategic innovations in the form of technological and managerial innovations, entry into new product markets and superior team performance (Hambrick et al., 1996), and even the financial performance of subsidiaries (Chang et al., 2012). For example, Gong (2003b) suggests a conceptual model of global staffing theorising the positive role of a heterogeneous staffing composition (i.e., an appropriate mix of PCNs, HCNs, and TCNs) in facilitating innovation and organizational learning.

4.4. Nationality-based Staffing Options in MNEs

Subsidiary staffing choices vary along the dimension of nationality (Harzing, 2001b; Paik & Sohn, 2004; Sekiguchi et al., 2011), defined as “the country in which an individual spent the majority of her or his formative years” (Hyun et al., 2014: 809). Nationality has been considered as an important factor for subsidiary staffing, as it often determines the communication patterns and interaction styles of an individual (Geringer, 1988) and shapes them in terms of values, cognitive schema, behaviour, and language. These nationality-derived characteristics may affect a person’s perception in a multinational team, and may serve as resources for the team, but they may also create difficulties when national characteristics conflict (Hambrick et al., 1996). In addition, nationality becomes a significant issue for MNEs when they try to meet the legitimacy requirements of host countries. They may prefer to make themselves appear more local by increasing the ratio of HCNs in the local subsidiary (Ando & Paik, 2013). HCNs are likely to view PCNs as salient social referents and an out-group category on the basis of nationality (Paik, Parboteeah, & Shim, 2007; Toh & Denisi, 2003) often evoking an ‘us versus them’ mentality (Hyun et al., 2014; Oltra, Bonache, & Brewster, 2013).

I compare and contrast: *long-term expatriates* and the *short-term expatriates* that can be divided by the length of service period (see Appendix 4-1). Assigned long-term expatriates are employees relocated by their organisation to another country, usually for several years, to complete a specific task or accomplish an organisational goal (Harrison, Shaffer, & Bhaskar-Shrinivas, 2004; McNulty & Brewster, 2017). The alternatives that MNEs can use include short-term assignees, international commuters, and frequent flyers (Collings et al., 2009; Suutari & Brewster, 2009). Short-term expatriates are sent for less than a year and in most cases less than six months (Howell, 2006; Suutari & Brewster, 2009). Short-term assignments are growing faster than long-term expatriation because they are enabled by easier and cheaper travel (Suutari, Brewster, Riusala, & Syrjäkari, 2013). Such assignees are valued because of their skills in building new international markets (Findlay, Li, Jowett, & Skeldon, 2000; Millar & Salt, 2006), their technical expertise and contribution to project completion and their ability to perform boundary-spanning roles (Tushman & Scanlan, 2005). International commuters work in one country and live in another, either because, as in the European Union, it is convenient, or because the work country may be insecure or dangerous. Frequent flyers, or international business travellers stay only a day or a few days in each location (Mäkelä, Saarenpää, & McNulty, 2017).

4.5. International Experience as a Key Dimension for Subsidiary Staffing Choices in MNEs

Although the nationality of an individual may be a critical factor when we consider subsidiary staffing choices, international experience also matters. International experience has gained increasing significance and is recognised as a vital asset (Carpenter et al., 2001; Sambharya, 1996) and a potential source of competitive advantage for MNEs (Spreitzer, McCall & Mahoney, 1997). MNEs may send managers to foreign units for developmental purposes, as international experience is regarded as an important vehicle for developing global talent or leadership (Cerdin & Brewster, 2014; Collings, 2014). Through various international experiences managers develop their knowledge and understand the appropriate behaviours in different cultures (Kim & Slocum, 2008; Takeuchi, Tesluk, Yun & Lepak, 2005).

4.5.1. Concepts, Theories, and Measurement of International Experiences in MNEs

International experience is a complex and multi-dimensional concept (Le & Kroll, 2017; Takeuchi et al., 2005) in three respects. First, MNEs can strategically develop a pool of subsidiary managers by utilising international work assignments (Caligiuri & Colakoglu, 2007; Dragoni et al., 2014; Ng, van Dyne, & Ang, 2009), sending employees abroad to study (Kim et al., 2015), providing cross-cultural training (Wang & Tran, 2012), or hiring foreign nationals who have experience in the MNE’s home country through travel or residence in childhood (Piaskowska & Trojanowski, 2014) such as ‘TCK’ who have spent a part of their childhood in countries or cultures other than their own (Pollock & Van Reken, 1999) or bi-culturals (Furusawa & Brewster, 2015). Second, the location of international experience matters (Schmid & Wurster, 2017). A manager can acquire experience in the corporate HQ, as a PCN in a host country subsidiary or as a

TCN being sent from one subsidiary to another. Third, international experience is classified by time into prior, current and future experience (Takeuchi et al., 2005), and is also divided by organisational boundaries: international experience gained prior to joining the organisation and after joining it.

The significance of international experience can be explained through the lenses of social learning theory, resource based view, and social capital theory. First, according to social learning theory, learning occurs when information or knowledge flows from one individual to another (Bandura, 1977). If individuals visit foreign countries, and interact and communicate with people from different cultures, they will acquire knowledge, skills, and information through observation and conversations (Piaskowska & Trojanowski, 2014). Previous international experiences may help individuals understand different cultural circumstances and provide them with accurate information or knowledge on the foreign country by facilitating the social learning process (Lee & Sukoco, 2010).

Second, the resource-based theory notes that international experience is a valuable, rare, hard to imitate, non-substitutable resource (Carpenter et al., 2001; Nielsen & Nielsen, 2011). The ability to deploy such individuals is a distinctive capability that may enhances firm performance (Hitt, Bierman, Shimizu, & Kochhar, 2001; Hitt, Bierman, Uhlenbruck & Shimizu, 2006). Experience allows individuals to accumulate valuable and rare skills, expertise, tacit/ explicit work-related knowledge (Inkson & Arthur, 2001). In particular, the unique capabilities gained through international experience may be difficult to acquire domestically, and thus may contribute to the creation of competitive advantage (Daily et al., 2000; Stahl et al., 2002).

Third, social capital is defined as "the sum of actual or potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit" (Nahapiet & Ghoshal, 1998: 243). A subsidiary manager's social capital comprises various relationships with other subsidiary managers, managers in HQs and individuals in external local organisations. Their international experiences may help develop the network of contacts across countries (Cerdin & Pargneux, 2009; Stahl & Cerdin, 2004). For example, expatriates can build international networks that help to enhance future career as well as organisational success by increasing the individual's social capital across international organisations (Daily et al., 2000; Harzing, 2001b; Wolff & Moser, 2009).

International experience has been measured in various ways: most often, breadth and length (Dragoni et al., 2014; Godart, Maddux, Shipilov & Galinsky, 2015; Le & Kroll, 2017). The breadth of international experience has been measured by the number of visits to other countries lasting more than a month (Biemann & Braakmann, 2013; Dragoni et al., 2014; Takeuchi et al., 2005) or lasting more than a year (Georgakakis, Dauth & Ruigrok, 2016; Hamori & Koyuncu, 2011; Schmid & Wurster, 2017). These can include work or a variety of non-work domains. The length of international experience has been measured by summing month/ years of experience in foreign countries. Managers will adjust emotionally, cognitively and behaviourally at different rates but generally increasing over time (Hippler, Brewster, & Haslberger, 2015; Konopaske, Robie, & Ivancevich, 2005; Maddux & Galinsky, 2009).

4.5.2. Subsidiary Staffing Options with International Experience in MNEs

By combining the dimension of international experiences with the traditional nationality-based staffing categories (PCN, HCN, and TCN), more specific staffing options can be suggested. First, PCNs with prior international experience include: (1) *PCNs with work experience in host countries* (2) *PCNs with non-work/developmental experience in the host countries* (Takeuchi et al., 2005) and (3) *PCNs with third country experience* during which of course, they would have been counted as TCNs (see Appendix 4-2).

1. Typical examples of the first group are SIEs, individuals who make their own way to another country for work (Andresen et al., 2014; Suutari & Brewster, 2000). They are familiar with local cultures in the host countries as well as their home country national cultures, and if recruited to a home country MNE's local subsidiary, they bring many of the benefits of assigned expatriates but at a fraction of the cost.

2. The second group includes expatriates who participated in regional specialist programmes that give them opportunities to experience local cultures and languages without any job responsibilities (Sparrow et al., 2017) or people who have studied in that country.

3. The third group includes PCN managers who were expatriates in third countries for a long time. These assignees may be either technical specialists or heads of subsidiaries who have gained valuable international perspectives and experience.

A second option involves, HCNs with prior international experience: these can be also be divided into three groups: (1) *bi-culturals* or *multi-culturals* who are in the host country before joining the organisation (2) employees who are deployed to HQs as an *inpatriate* after joining the organisation and (3) *HCNs with third country experience:* again being categorised as TCNs whilst they had that experience (see Appendix 4-3).

1. Bi-culturals and multiculturals can function as boundary-spanners between the local context and HQ by having dual cultural schemas and bi-lingual skills (Fitzsimmons, 2013; Furusawa & Brewster, 2015).
2. Inpatriates spend time at HQs (Reiche et al., 2009), so they not only know their own country but have social capital in HQ and can act as boundary spanners (Harvey et al., 2011).
3. HCNs who have third country experience, including work and non-work experience. There are more than four million individuals who are undertaking tertiary education outside of their home countries and this number is growing (OECD, 2011). A commonly held belief is that these academic sojourns produce positive results such as learning or improving language skills, global intercultural skills, and self-reliance (Schartner, 2015). In some cases, companies may support their employees' studies in foreign countries to expand their career opportunities (Cho & Morris, 2015).

Third, TCNs with prior international experience can be divided into two groups: (1) *TCNs with parent country experience* may be deployed to utilise their social capital in the HQ country. However, I can find no research on this subsidiary staffing option. (2) *TCNs with prior host country experience* may enter an MNE in the country where they currently live host country, attracted by the company's reputation (Harvey & Groutsis, 2015) (see Appendix 4-4).

In this section, various subsidiary staffing options are examined by considering international experience. Next, I present the relationship between subsidiary staffing choices and organisational outcomes, which helps to address the research question of this paper: “How do subsidiary staffing choices with international experience of subsidiary managers affect their social capital and knowledge flows in multi-directions?”

4.6. The Implications of Subsidiary Staffing Choices for Organisational Outcomes

Social capital and knowledge flows are critical factors for the competitiveness of a subsidiary (Birkinshaw et al., 2005; Taylor, 2006). Subsidiaries have to deal with the challenges in their own environment and also the relationship with HQ (Birkinshaw et al., 2005). However, despite its importance in MNEs, there has been little research on how subsidiary staffing options are related to social capital. A competitive advantage of MNEs lies in their ability to create and transfer knowledge (Bartlett & Ghoshal, 1989; Kogut & Zander, 1993). The need for internal knowledge flows in MNEs (Doz, Santos, & Williams, 2001) has become a key issue (Scullion & Collings, 2006), specifically, in terms of the organisation-specific knowledge flows, of technology, knowhow, information, policies, and practices, from HQ to subsidiaries (Chang et al., 2012; Fang et al., 2010), and local context-specific knowledge transfers from the subsidiary to HQ and vice versa (Peltokorpi & Yamao, 2017).

4.6.1. Subsidiary Staffing Choices and Social Capital

Kostova and Roth (2003) develop the notion of social capital as primarily benefitting the individual who possesses it. Social capital theorists typically explain "the potential value arising from certain psychological states, perceptions, and behavioural expectations that social actors form as a result of both their being part of social structures and the nature of their relationships in these structures." (Kostova & Roth, 2003: 301). Social capital provides managers with an opportunity to gain fresh insights and, thus enhance the quality of individuals' decisions (Burt, 2004). Hargadon and Sutton (1997) argue that individuals who have access to social ties that provide them with useful information are better able to identify pre-existing solutions to their problems. However, little is known about the relationship between subsidiary staffing choices and the social capital of an MNE (Taylor, 2007).

PCNs may facilitate the communication process between the parent company and its affiliates (Dowling et al., 1999; Downes & Thomas, 2000; Riusala & Suutari, 2004). The social capital of PCNs may be valuable in influencing HQs in favour of decisions that benefit the subsidiary operations. Colakoglu, Tarique, & Caligiuri (2009) argue that neither HCNs, nor TCNs would be as valuable as PCNs due to their lack of social capital within the MNE. On the other hand, HCNs can respond effectively to the conditions and requirements of the host country (Tarique et al., 2006). HCNs employed in subsidiaries are able to share their social capital in the local context with PCNs in subsidiaries and with HQ (Varma, Budhwar, Pichler, & Biswas, 2009).

Considering the dual embeddedness of a subsidiary, however, subsidiary managers need social capital with both HQ and local institutions. Managers may build useful networks of local organisations (Blomstermo, Eriksson, Lindstrand, & Sharma, 2004) and internal advice networks in the MNE (Athanassiou & Nigh, 1999) through their international encounters, so they can construct social capital with the two entities simultaneously. For example, PCNs with host country experience can use their MNE or local networks to obtain critical informational and emotional support resources for adjusting in the host country (Farh, Bartol, Shapiro, & Shin, 2010). Research on social capital has suggested that a subsidiary manager is more successful when their social capital are made up of experts in local organisations who can offer new information as well as different perspectives on relevant issues (Blomstermo et al., 2004). Subsidiary managers who interact frequently with managers at other companies in the country offer alternative perspectives. They also are aware of a wider range of possible strategic solutions that can be applied to the challenges facing their firms (McDonald et al., 2008). Therefore, MNEs must develop and retain global managers who have internal and external social capital, thus allowing a subsidiary to work more effectively in the context of dual embeddedness by accessing relevant sources of information and knowledge (Mäkelä & Suutari, 2009).

4.6.2. Subsidiary Staffing Choices and Knowledge Flows

The management of knowledge flows is essential for a MNEs' competitiveness (Argote & Ingram, 2000). The international relocation of people can be an important mechanism for transferring knowledge across borders due to the highly context-specific and tacit characteristics of such knowledge that cannot be codified easily (Riusala & Suutari, 2004). Research has increasingly emphasised the role of international assignees for knowledge transfer between HQ and subsidiaries (e.g., Reiche & Harzing, 2015).

Early perspectives on knowledge management in MNEs assumed that flows mainly from HQ to subsidiaries (Schulz, 2001), so using PCNs was considered a sensible option (Harzing, 2001b; Hocking et al., 2007). PCNs are seen as key to the knowledge flows from the parent firm to their subsidiaries (Delios & Björkman, 2000; Downes & Thomas, 2000; Gaur, Delios, & Singh, 2007). Based on the knowledge-based view of subsidiary staffing, PCNs are expected to perform critical functions such as control and coordination and knowledge transfer (Bonache & Brewster, 2001; Delios & Björkman, 2000; Wang, Tong, Chen, & Kim, 2009). The success of knowledge transfer from HQ is the amount of knowledge received by a subsidiary from PCNs.

On the other hand, HCNs may be more knowledgeable about local contexts than PCNs (Harzing, 2001b; Widmier, Brouthers, & Beamish, 2008), and have better understanding of the local environment. HCNs can contribute to the firm's sustained competitive advantage through facilitating the acculturation of the sources of the host country context-specific knowledge which is unique to subsidiaries. Rugman and Verbeke (2001) examine a subsidiary's knowledge stocks that may be a valuable asset, if the knowledge stocks are unique to the subsidiary and cannot be obtained from HQ or other subsidiaries of the MNEs.

The nationality-based categories of subsidiary staffing options mainly concern knowledge transfer one way or the other: PCNs' knowledge flows from HQ to the subsidiary – HCNs' knowledge flows from local parties to the subsidiary. PCNs transfer knowledge from the parent firm to its foreign subsidiaries as they have learned and assimilated firm-specific knowledge (Wang et al., 2009) and function-specific knowledge (Harzing, 2015). As HCNs may have less or no experience of working for HQ, they may be disadvantaged for transfer and exchange of knowledge between HQ and the foreign affiliates (Sekiguchi et al., 2011). However, HCNs can contribute to the acculturation of the host country context-specific knowledge. With the context-specific knowledge they can facilitate the integrative process of creating a collective experience base and organizational learning capability which are difficult to replicate (Roth & O'Donnell, 1996; Taylor, Beechler, & Napier, 1996).

Ideally, subsidiaries need to accumulate substantial knowledge and ensure knowledge is transferred in both directions. Subsidiaries of an MNE may need to access knowledge from HQ, from local external parties (Birkinshaw et al., 2005) and from peer subsidiaries (Miao, Choe, & Song, 2011). These knowledge flows in multiple directions from multiple sources may be one of the most important drivers of firm performance (Sanchez-Vidal, Sanz-Valle, & Barba-Aragon, 2016) and may require managers who know both the local context and the routines of knowledge integration processes within the firm (Harvey & Buckley, 1997). For example, PCNs with host country experience can transfer knowledge from HQ to subsidiary and from the local context to subsidiary.

TCNs with host country experience can transfer knowledge from subsidiary to HQ and from HQ to subsidiary simultaneously.

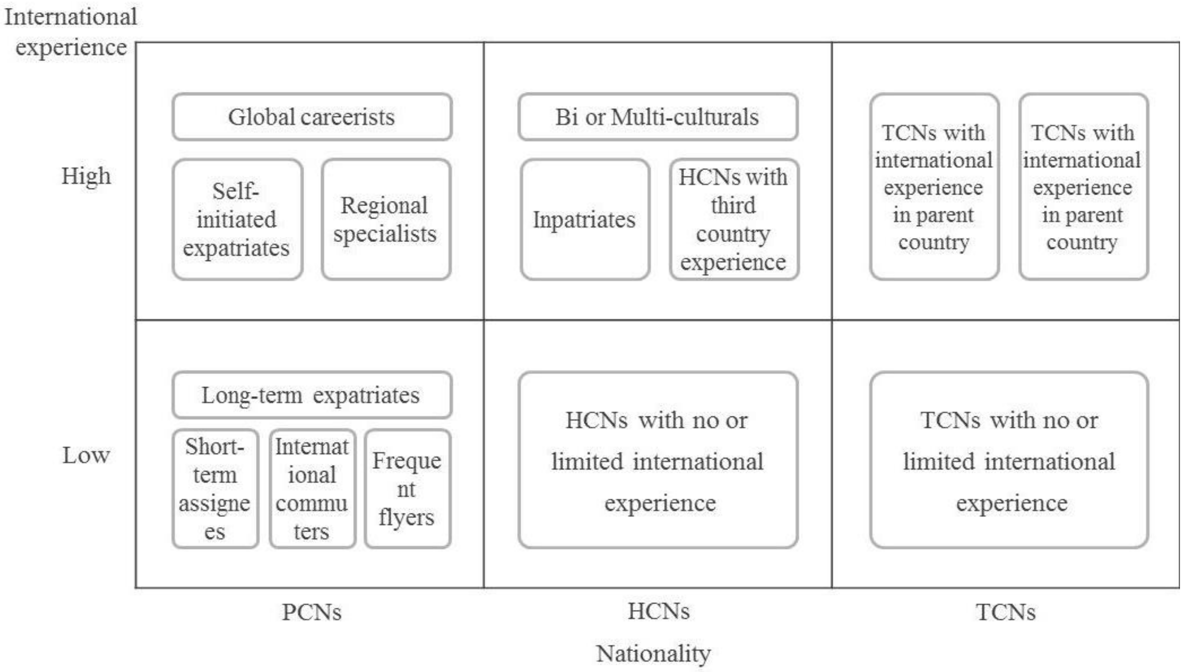
4.7. Discussion and Conclusion

The way that MNEs choose to staff subsidiaries is one of the most critical, strategic decisions when expanding global operations (Belderbos & Heijltjes, 2005; Delios & Björkman, 2000). However, previous research has focused on nationality-based staffing choices which may limit our understanding of the various subsidiary staffing options.

I suggest here that international experience is an additional underlying dimension which may capture diverse emerging subsidiary staffing options. I also explore the relationship between international experience and organizational outcomes in terms of social capital and knowledge flows. In addition, more specific subsidiary staffing options derived from the dimensions of nationality and international experience were reviewed and evaluated in-depth.

The matrix combining nationality and international experience (Figure 1) can help identify more specific subsidiary staffing options which have been suggested in previous research.

[Figure 4-1. Matrix for Various Subsidiary Staffing Options]



I suggest that MNEs can make more systematic decisions about which subsidiary staffing options suit particular position in a subsidiary by using tables presented in Appendices 1~4. For example, the MNE that prioritises cost savings may deploy short-term assignees in subsidiary key positions, although some disadvantages may remain (e.g., family separation, work permit, and taxation issues).

I hope to encourage future research that test impacts of international experience on organisational outcomes. As discussed earlier, individual differences in terms of experiences have been suggested as antecedents to social capital in MNEs (Bozkurt & Mohr, 2011; Mäkelä & Suutari, 2009). However, there seem to be a limited understanding of what shapes subsidiary managers' social capital across their MNEs and local environment. I may consider subsidiary-unit managers' international experiences as a potential mechanism for building their social capital across the MNE and local environment to examine antecedents.

In addition, the role of international assignees for knowledge transfer has been studied in MNEs over the past decade (Chang et al., 2012). As previous research has mainly focused on the nationality-based subsidiary staffing options, prior analyses have focused less on alternative subsidiary staffing options.

Social capital can contributes to knowledge flows and efficient coordination by providing networks of relationships that span across the MNE's global operations (Kostova & Roth, 2003). In this regard, managers may need to establish social relationships, interpersonal trust and shared value in order to acquire and share knowledge across boundaries (Reiche et al., 2009). Exploring the effects of social capital on knowledge flows can be a key topic in future research on international assignments (Au & Fukuda, 2002; Reiche, 2012).

Social capital has been shown to have many benefits for MNEs, including increasing the knowledge of foreign market opportunities (Ellis, 2000), willingness to share information with geographically and culturally distant employees (Adler & Kwon, 2002), access to technologies or resources that competitors do not enjoy (Gulati, Nohria & Zaheer, 2000), identification of competitive threats (Harrigan, 1985), ability to learn from alliances (Hamel, Doz, & Prahalad, 1989), and the ability to leverage internal knowledge and aid in coordination and cooperation (Kostova & Roth, 2003). However, it seems that few studies have examined the effects of social capital on firm performance (Au & Fukuda, 2002; Johnson, Kristof-Brown, Van Vianen, De Pater, & Rigsby, 2002).

I discuss implications to the development of multi-faced social capital and knowledge flows. It seems that there are surprisingly few studies on the relationships between subsidiary staffing choices and such organisational outcomes. However, there seems to be a need to link the managers' international experience and outcomes at the subsidiary level (Schuler, Dowling, & De Cier, 1993). Thus, future research may integrate theories on international experience, social capital, and knowledge flows. In addition, my research highlights the need to provide empirical evidence on how international experience may impact on organisational and financial subsidiary performance.

[Appendix 4-1. Subsidiary Staffing Options in PCNs]

Options	PCNs	
	Long-term Expatriates	Short-term Expatriates
Definition	• Employees who are relocated by their organisation to another country, usually for several years, to complete a specific task or accomplish an organisational goal	• Short-term assignees: assignees allocated to another country for less than a year (and usually less than six months) • International commuters: employees live in one country but working in another country • Frequent flyers: employees who may spend time outside their own country, but very little time in any one other country
Purpose	• Controlling the subsidiary • Organisational integration	• Cost effectiveness • Flexibility • Large applicant pool
Disadvantages	• High cost • Work permits and administration • Restricting HCN's careers • Difficulties in adjustment to the foreign environment (for self and family)	• Family separation • Work permits and administration • High cost of frequent flying
Roles	• Subsidiary manager/ executive • Technical advisor	• Technical expert or manager
HRM practices	• Generous salary • Allowances • Spouse and child support	• Family support and taxation • Flexible work arrangement • Developing special communication skill

[Appendix 4-2. Subsidiary Staffing Options in PCNs with Prior International Experience]

Options	PCN with Host Country Experience		PCN with Third Country Experience for a Long Time
	Work Experiences in Host Countries	Non-Work Experiences in Host Countries	Global Careerists
Definition	• SIEs: people who found their own way to the host country and then joined the MNE	• Have experienced host country through study, sabbaticals, travel, etc. Or as a short-term assignee	• Assigned expatriates who have a long term commitment to working in an international context without committing themselves to a specific country
Duration	• Varies	• Varies	• 7 years or longer
Purpose	• Cost-control: cheaper than assigned expatriates • Availablity • Familiarity with local culture	• To bring cross-cultural awareness and skill	• To bring in experience of international business • Cost-control: expensive than PCNs
Disadvantages	• Lack of experience at HQ	• High cost (e.g., study in developed countries)	• Frequent relocation arrangements • Career management challenges • Adjustment after repatriation
Roles	• Mainly low level positions • Specialist : e.g., IT specialist, healthcare professionals	• Subsidiary manager • Country manager	• Subsidiary manager • Technical advisor • Country manager
HRM practices	• Designing career path • Financial support for relocation, temporary accommodation and language classes • Allowance, insurances that expatriates receive	• Designing various training contents • Designing career path	• Designing career path • Allowance, insurances that expatriates receive

[Appendix 4-3. Subsidiary Staffing Options in HCNs with Prior International Experience]

Options	HCNs with Parent Country Experience		HCNs with Third Country Experience
	Before entering organisation: Bi-cultural, Immigrants	After entering organisation: Inpatriation	
Definition	• Bi-culturals, third culture kids, etc. with links to parent country • Immigrants from parent country	• Employees from subsidiaries transferred to the HQ on a permanent or semi-permanent basis	• HCNs who has third country experience
Duration	• For the rest of their life	• Flexible	• Flexible
Purpose	• New labour pool • Cost reduction : no relocation costs • High Cultural skills • Multi-language	• Providing a competitive advantage both globally and locally • Promoting diversity and empowerment	• English and global intellectual skills
Disadvantages	• No experience at HQ	• Not accustomed to the way of working conducted in the HQ • High cost	• High cost
Roles	• Majority: lower level positions as a cultural broker and a coordinator for effective communication between PCNs and HCNs because of language skills • Minority: expert and managerial positions, acting as catalysts for creativity and innovation by combining cultural schemas	• Linking pins between subsidiaries and HQ • Executives in the subsidiary	• Subsidiary manager • Job specialist
HRM practices	• Competencies development • Solving the glass ceiling problem	• Training programs for HQ's ways of working, culture training and language	• Designing career path

[Appendix 4-4. Subsidiary Staffing Options in TCNs with Prior International Experience]

Options	TCNs with Parent Country Experience	TCNs with Host Country Experience
Definition	• An employee working in host country who is neither a PCN nor an HCN, but has prior experience in a parent country	• An employee who is neither a PCN nor an HCN, working in a host country where he or she has prior working experience
Duration	• Usually one-five years	• Usually one-five years
Purpose	• To utilise TCNs' social capital with HQ country • In some cases to utilise TCNs' experience with corporate HQ	• Depends on third country
Disadvantages	• Few examples	• Few examples
Roles	• Specialist • Subsidiary manager	• Specialist • Subsidiary manager
HRM practices	• Designing career path	• Designing career path

Chapter 5. How Does International Experience Impact Subsidiary Managers' Dual Advice Networks? (Paper #2)

5.1. Abstract

To perform effectively in the context of MNE subsidiaries, managers from these units build and use 'dual advice networks', to access both HQ and local sources of knowledge. I explore whether and what types of subsidiary-unit managers' international experiences contribute to building such dual advice networks. Using a survey of 284 managers in South Korean MNEs, I find that when a subsidiary-unit manager has more various international experiences in both the MNE's home and host country, they are more connected and contact with advice-givers more frequently, and gain more useful information or knowledge from dual advice networks in both HQ and the host country. Additionally, I find that the longer a PCN expatriate experiences in third countries, the less contact points they have for seeking advice from HQ.

Keywords: international experience, subsidiary staffing, advice network, South Korean MNEs

5.2. Introduction

As firms compete globally, managers in MNEs may need to understand different cultures, markets and institutional environments. Competitive pressures require them to understand how international interdependencies among internal and external organisations are managed effectively across markets (Roth, 1995). In this context, subsidiaries of MNEs are embedded in both their MNE networks and the local business networks (Meyer et al., 2011). So, subsidiary managers need to understand interdependencies among internal and external organisations (Roth, 1995) and be able to deal with not only the challenges in their own environment but also the relationship with corporate HQ (Birkinshaw et al., 2005). It is difficult for a subsidiary manager to have all the necessary information and knowledge they require across different locations without help from relevant actors both at HQ and in the local environment (Harvey et al., 2011). To perform effectively, in the context of the dual embeddedness of subsidiaries, they need to build and use these social networks to access relevant sources of information and knowledge (Mäkelä & Suutari, 2009).

The importance of social networks in MNEs is understood, but previous studies of subsidiary managers' social networks have focused mainly on their impact on individual or organisational outcomes such as career advancement (Burt, 1997), newcomer socialisation (Morrison, 2002a), influence on decisions (Kameda et al., 1997), job satisfaction (Flap & Volker, 2001), employee turnover (Dess & Shaw, 2001), power and influence (Salk & Brannen, 2000), knowledge transfer (Kaše, Paauwe, & Zupan, 2009; Tasselli, 2015), and financial performance (Au & Fukuda, 2002). In short the focus has been on outcomes rather than antecedents (Bolino, Turnley, & Bloodgood, 2002). But antecedents matter too. If we have an understanding of the what factors allow managers to create and use these dual networks, we can identify the characteristics that are most likely to lead to having the right people in place and obtaining the right outcomes in the most cost-effective manner. In this regard, individual differences in terms of experiences or abilities have been suggested as antecedents to social networks in MNEs (Bozkurt & Mohr, 2011; Mäkelä & Suutari, 2009). However, there is a limited understanding of what shapes subsidiary managers' social networks across their MNE organisations and local environment.

To examine antecedents, I explore subsidiary-unit managers' international experiences as a potential mechanism for building their social networks across organisations in the MNE and local environment. My study contributes to the IHRM literature in five novel ways. First, the study explores the antecedents to a subsidiary manager's social networks and provides empirical evidences to support the argument for the positive role of international experiences in building subsidiary-unit mangers' dual advice networks. Adopting a multi-dimensional view of international experience (nature, location, and time of the experience), I found that the more international experience a subsidiary manager has, the larger size and stronger are advice networks in both internal and external organisations. Second, I introduce the concept of dual advice networks - combining social networks to access both HQ and local sources of knowledge, linked to the dual embeddedness of a subsidiary. Third, I focus on international experience and dual advice networks at a subsidiary-unit level, given that any subsidiary may be organised into a number of units specialised in different products, businesses and functions with different strategic priorities (Tsai, 2001). MNEs' deployment of managers in a business or functional unit might differ depending on the characteristics of each unit. Fourth, my study provides novel insights on global careerists by finding a negative relationship between PCN expatriate experiences in third countries and their contact points for seeking advice in HQ. Finally, I add to the limited literature on expatriation in emerging MNEs from newly industrialized economies - in this case South Korean MNEs. South Korean MNEs compete successfully in global markets against MNEs from developed economies (Yang et al., 2009).

The paper takes the following form. I review the literature to identify the theoretical background, and build on the insights there about aspects of managers' experience in order to develop hypotheses. Then I outline my methodology, and present and discuss my findings. I conclude that a variety of international experience is more important than the duration of international experience in building dual advice networks, and a PCN expatriate with long experiences in third countries has limited contact points for seeking advice in HQ.

5.3. Dual Advice Networks and International Experience

There are several social networks in any workplace: advice networks, trust networks (Büchel et al., 2013), hindrance networks (Sparrowe et al., 2001), and friend networks (Brands & Kilduff, 2014). Among these, advice networks are composed of relations through which employees share information and knowledge related to the completion of their work (Nebus, 2006). Advice networks give members the opportunity to exchange business insights and managerial know-how (Cross & Parker, 2004; McDonald, Khanna, & Westphal, 2008), and job-related information, and allow them to allocate resources effectively (Cross & Parker, 2004). A fundamental condition of advice-seeking is awareness of individuals as a possible source for a current business issue or opportunity (Borgatti & Cross, 2003). An important determinant of success at work is access to job-related advice and organisational information (Seibert et al., 2001). Thus, advice networks are one of the most critical social networks for managers in the workplace (Zhang et al., 2009).

While there are a number of network measures available, I selected size, strength and benefits as key. First, larger networks contain more capacity for information than smaller networks (Burt, 1982) and provide access to different resources (Liao & Welsch, 2005). Second, strong ties refer to the closeness and interaction frequency of a relationship between individuals (Granovetter, 1973). The strength of a tie is a function of frequency of contact, reciprocity, emotional intensity, and friendship (Granovetter, 1973). Strong ties have influence on helping others (Nelson & Mathews, 1991), conflict reduction, cooperation, and conflict prevention (Krackhardt & Stern, 1988) seeking useful information for executives to resolve their encountered business problems (Nebus, 2006). Third, the primary reason for building an advice network is to benefits from advice-givers through frequent contact with established connections. Cross and colleagues (2001) suggest five kinds of informational benefits when managers consult those in other organisations: Generating solutions, meta-knowledge, problem reformulation, validation of solutions, and legitimation. Individuals acquire information from other people that they use to generate solutions to problems. Meta-knowledge such as general guidance or referrals leads individuals to obtain useful information which increases their efficiency in responding to problems. A fertile source may be able to enable subsidiary manager to redefine important dimensions of problems. An interaction may be helpful to validate an individual's solution or plan. It may also encourage the individual's own thinking.

In the MNE context, interpersonal interaction such as cross-border teams or expatriate/ repatriate interactions is the most important channel through which managers seek information and share knowledge (Mäkelä & Brewster, 2009) and can be useful for managers to perform their work effectively (Borgatti & Cross, 2003; Cross et al., 2001). I conceptualise a 'dual advice network' as a bundle of social networks that can be built by combining networks in HQ and those in host countries to access both HQ and local sources of information, resources and knowledge. Dual advice networks allow subsidiary managers to maintain contacts with individuals in HQ and the host country (Borgatti & Cross, 2003). Most studies of internal MNE networks have focused on traditional expatriation between HQ and subsidiaries (Bozkurt & Mohr, 2011), noting, for example, that longer lasting cross-border relationships create more opportunities for interpersonal trust (Mäkelä & Brewster, 2009) and knowledge sharing (Mäkelä, 2007). We know too that managers' interactions with external entities generate information, resource, and knowledge about other firms, government officers, suppliers, and customers (Kotabe et al., 2011).

A subsidiary manager with international experience can build up relationships within and outside of their organisations that offer a wide range of contacts and they can use these networks for the benefit of the subsidiary (Mäkelä & Suutari, 2009). Previous studies of international experience have examined personal outcomes such as career development (Biemann & Braakmann, 2013; Jokinen et al., 2008; Schmid & Wurster, 2017; Schmid & Wurster, 2017; Shaffer et al., 2012; Suutari, Brewster, Mäkelä, Dickmann, & Tornikoski, 2018), leadership (Takeuchi et al., 2005; Tarique & Schuler, 2010), and cross-cultural competency or cultural intelligence (Engle & Crowne, 2014; Li, Mobley, & Kelly, 2013).

Whether a subsidiary manager is a PCN or HCN is a key issue in MNE staffing (Collings et al., 2007; Suutari et al., 2013), but international experience also matters and is widely recognised as an important factor for staffing decisions in MNEs (Carpenter et al., 2001). Managers may build useful advice networks of local contacts (Blomstermo et al, 2004) and contacts with internal stakeholders (Björkman et al., 2004; Kostova & Roth, 2003) through their international encounters. This is indeed one of the reasons MNEs send their managers to foreign countries (Tarique & Schuler, 2010).

International experience is a complex and multi-dimensional concept (Le & Kroll, 2017; Takeuchi et al., 2005) with three key elements: nature, location, and time. First, nature of international experience can be categorised by nature into work and non-work experience. MNEs can strategically develop a pool of subsidiary managers in various ways such as utilising international work assignments (Caligiuri & Colakoglu, 2007; Dragoni et al., 2014), sending employees abroad to study (Kim et al., 2015), providing cross-cultural training (Wang & Tran, 2012), or hiring foreign nationals who have experience in the MNE's home country through travel or residence in childhood (Piaskowska & Trojanowski, 2014) such as 'TCK' who have spent a part of their childhood in countries or cultures other than their own (Pollock & Van Reken, 1999). Second, the location of international experience matters (Schmid & Wurster, 2017). A manager can acquire experience as an HCN being sent to the corporate HQ, as a PCN in a host country subsidiary or as a TCN being sent from one subsidiary to another. Third, international experience is classified by time into prior, current and future experience (Takeuchi et al., 2005), and is also divided by organisational boundaries: International experience gained before joining the organisation and after joining it.

According to social learning theory, an individual's learning occurs when information flow from one to another (Bandura, 1977). So, individual might find it easier to understand different cultural circumstances through previous international experiences and might acquire accurate information or knowledge on the foreign country by facilitating the social learning process. Individuals who are in contact with culturally different people can cope with unfamiliar cultural situations effectively (Lee & Sukoco, 2010; Shannon & Begley, 2008). The social learning facilitated through previous international experience might make it easier to acquire accurate information or knowledge of an overseas market (Lee & Sukoco, 2010; Piaskowska & Trojanowski, 2014), increasing communication skills and willingness to interact with people from other countries. PCNs who possess local-specific human capital are more responsive to local issues within a host country and HCNs who possess parent-firm human capital are better able to coordinate globally integrated operations through the MNE network (Chung, Park, Lee, & Kim, 2015; Gong, 2003a; Harzing, 2001b).

5.4. Impacts of Subsidiary-unit Managers' International Experience on Their Dual Advice Networks

The international experience of managers is related to their career development (Hamori & Koyunch, 2011; Schmid &Wurster, 2017). For example, international experience helps to enhance future careers by increasing social capital and providing future employment opportunities (Biemann & Braakmann, 2013; Daily et al., 2000; Hamori & Koyunch, 2011; Harzing, 2001b; Jokinen et al., 2008; Schmid & Wurster, 2017; Shaffer et al., 2012; Suutari & Mäkelä, 2007; Suutari & Taka, 2004; Wolff & Moser, 2009). Other streams of study focus on the impact of international experience on cross-cultural competency (Engle & Crowne, 2014; Li et al., 2013).

The creation of social ties is increasingly recognised as a one of key issues in IHRM and a few studies have addressed the international experience-social capital relationship (Taylor, 2007). Mäkelä and Suutari (2009), for example, argue that multiple international relocations are positively related to social capital. Other studies have shown that international experience at the TMT level is positively associated with broader external advice networks (Collings, 2014). However, previous research has generally focused not on where social capital comes from but on its outcomes (Bolino et al., 2002). While a few studies from sociology and psychology suggest *types of information* (Keith et al., 2010; Morrison, 1993), *psychological cost* (Lazega et al., 2012) and *transformational leadership* (Zhang & Peterson, 2011), and *personality* (Battistoni & Colladon, 2014) as antecedents to advice networks, antecedents to advice networks have not been covered comprehensively, particularly in the MNE context.

Types of information are closely related to advice network. Due to the complexity and dynamics of tasks, employees cannot capture tacit knowledge from formal documents (Hansen, 1999). While employees can obtain advice and information through formal documents, informal relationships with co-workers often provide better information in a more efficient manner. Morrison (1993) found that newcomers sought technical information mainly by asking others and sought other types of information (referent and normative) primarily through observation. Hence, employees seek out and rely on their supervisors or colleagues for advice and information rather than on formal channels (Morrison, 2002b).

Psychological cost can influence advice networks. Despite the perceived value of the information sought, psychological costs may deter advice seeking as individuals inherently want to avoid feeling incompetent (Nebus, 2006). When individuals seek advice, they tend to look for help from peers with whom they have shared characteristics such as race, ethnicity, and sex rather than seek out those who are most capable of addressing their needs (Lazega et al., 2012). This tendency for similarity is termed ‘homophily’ (McPherson, Smith-Lovin, & Cook, 2001). Shared traits or characteristics are potentially important facilitators of social interaction between actors as individuals equate similarity with trust and congruent expectations (Brass, 1995; Lee & Reade, 2015).

Transformational leadership is embedded in networks of relationships of higher position others (Geletkanycz & Hambrick, 1997). Zhang and Peterson (2011) identified that transformational leadership can positively influence advice network density in teams. In addition, advice network density mediated the relationship between transformational leadership and performance at the team level. Bono & Anderson (2005) argue that transformational leadership consists of four behavioural attributes - idealised influence, inspirational motivation, intellectual stimulation, and individualised consideration – that are positively related to advice networks. They found that managers who score higher on transformational leadership and employees who directly report to these leaders were more central in informal organisational networks.

Lastly, individuals' *personality* may correlate with key roles in informal advice networks. According to Battistoni and Colladon (2014), there are significant associations between key positions and conscientiousness, neuroticism and agreeableness in informal advice networks, but no relationship was found with extraversion or openness to experience.

5.4.1. The Extent of International Experience and Dual Advice Networks

The breadth and length of time have been the most widely used to measures international experience. As international experience is complex and multi-dimensional concept (Le & Kroll, 2017; Takeuchi et al., 2005), simplistic measures such as time spent working abroad or the number of international assignments cannot fully capture the nature of international experience (Godart et al., 2015; Le & Kroll, 2017). So the literature on managers with more numerous international assignments, or as they have been called, global careerists (Näsholm, 2012; Suutari, Tornikoski, & Mäkelä, 2012), serial expatriates (Bozkurt & Mohr, 2011), repeat expatriates (Näsholm, 2014) or the highly mobile (Forster, 2000) may not capture the full range of worthwhile experience. Whilst such work experiences have been recognised as a key mechanism through which employees' social ties help MNEs pursue organisational goals (Bozkurt & Mohr, 2011), various other types of international experience (e.g., study, cross-national development opportunities, travel, and residence in childhood or youth) may also be important.

An individual's learning can be motivated when he or she experience cognitive dissonance between himself or herself and the environment. Foreign countries provide stimuli that create dissonance between an individual's cognitive schemas (what they know) and structures and the environment (what they observe in foreign countries). So, various international experiences in foreign countries can be stimulator for an individual's cognitive dissonance. In the field of IHRM, however, international experience other than work has not been given much attention by researchers (Tarique & Takeuchi, 2008) even though it, too, allows individuals to learn skills and behaviours important for living and working in different cultural environments (Takeuchi et al., 2005). Learning occurs through interacting with a variety of people and an unfamiliar environment (Bandura, 1977). Thus, I can expect a positive relationship between a subsidiary-unit manager's various types of international experience and their dual advice networks. I particularly examine the three aspects of dual advice network such as size (number of contacts), strength (frequency of contact), and benefits of dual advice network, which have been considered as key aspects of network in the social network literature (McDonald et al., 2008; Semrau & Werner, 2014). On the basis of the analysis above, I hypothesise the following:

> ***Hypothesis 1a:*** *The number of different types of international experience a subsidiary-unit manager has previously had is positively related to the size of their dual advice network with corporate HQ and local stakeholders*
>
> ***Hypothesis 1b:*** *The number of different types of international experience a subsidiary manager has previously had is positively related to the strength of their dual advice network with corporate HQ and local stakeholders*
>
> ***Hypothesis 1c:*** *The number of different types of international experience a subsidiary manager has previously had is positively related to the benefits of their dual advice network with corporate HQ and local stakeholders*

5.4.2. The Duration of International Experience and Dual Advice Network

Adjusting to a new environment takes time (Hippler et al., 2015; Takeuchi et al., 2005). Longer international work experience might increase opportunities for subsidiary managers to learn appropriate strategic thinking skills (Dragoni et al., 2014), and to develop other management skills and abilities to interact across cultural differences (Wang & Tran, 2012), and to create inter-unit intellectual capital (Reiche, Harzing, & Kraimer, 2009). The same applies to non-work international experience (Takeuchi et al., 2005; Tarique & Takeuchi, 2008). Individuals visiting foreign countries for non-work purposes are likely to have more opportunities to interact with a variety of people, and that may be connected with the construction of a higher advice network. According to social learning theory, learning about different cultures through prior experiences can enhance not only individuals' foreign language skills and communication competence there, but also their interaction with people (Bandura, 1977). Perhaps managers with longer prior non-work international experiences will set up more extensive networks than those with fewer or shorter prior international non-work experiences. These networks can help managers not only adjust to the foreign culture but also seek advice when they need to reformulate issues or generate solutions.

So, I explore how the length of prior international experience of a subsidiary-unit manager - PCNs or HCNs with both MNE host and home country experience - is related to their dual advice networks including the size and strength of dual advice networks, and benefits from advice-givers in both corporate HQ and host country. I therefore hypothesise the following:

> ***Hypothesis 2a:*** *The length of subsidiary-unit manager's international experience is positively related to the size of their dual advice network with corporate HQ and local stakeholders*

Hypothesis 2b: *The length of subsidiary-unit manager's international experience is positively related to the strength of their dual advice network with corporate HQ and local stakeholders*

Hypothesis 2c: *The length of subsidiary-unit manager's international experience is positively related to the benefits of their dual advice network with corporate HQ and local stakeholders*

Further, there are people who have a long-term commitment to working in an international context, and face frequent international relocations during their career (Cappellen & Janssens, 2005; Suutari et al., 2012). Still examining the time factor, it has been argued that one effect of extensive international experience may be the increasing distance from contacts to influential individuals in corporate HQ (James, 2000; Mäkelä & Suutari, 2009). Thus, I expect a negative relationship between the length of an expatriate's international work experience in third countries and advice-seeking networks in corporate HQ, including the numbers of contacts, frequency of contact, and benefits from advice-givers:

Hypothesis 3a: *The length of an expatriate's previous international work experience in third countries is negatively related to the size of their advice network in corporate HQ*

Hypothesis 3b: *The length of an expatriate's previous international work experience in third countries is negatively related to the strength of their advice network in corporate HQ*

Hypothesis 3c: *The length of an expatriate's previous international work experience in third countries is negatively related to the benefits for their advice network in corporate HQ*

Global careerists are people who have a long term commitment to working in an international context, and face frequent international relocations during their career (Cappellen & Janssens, 2005; Mayrhofer, Hartmann, Michelistsch-Riedl, & Kollinger, 2004; Suutari, 2003). They develop skills in finding and exploiting contacts and knowledge in new countries (Lamb & Sutherland, 2010). They can seek work-related advice easily, when they need to reformulate issues, generate or validate solutions. Hence, I expect their previous international work experience to be positively associated with their advice network including the numbers of contacts, frequency of contact, and benefits from advice-givers with peer subsidiaries:

Hypothesis 4a: *The length of an expatriate's previous international work experience in third countries is positively related to the size of their advice network in peer subsidiaries*

Hypothesis 4b: *The length of an expatriate's previous international work experience in third countries is positively related to the strength of their advice network in peer subsidiaries*

Hypothesis 4c: *The length of an expatriate's previous international work experience in third countries is positively related to the benefits of their advice network in peer subsidiaries*

In this section, impacts of international experience on advice-seeking network are examined. I describe why this factor is important for subsidiary staffing in MNEs. And antecedents and organisational outcomes of advice network in previous research are discussed. Next, I present the research methodology, including sample, procedures measurement, and analytic strategy, which helps to address the key research question: "How does international experience of subsidiary managers affect their advice networks in MNEs?"

5.5. Methodology

In this section of the paper I explain the sample, the measurements, the controls and the analytical procedures of the study.

5.5.1. Sample and Procedures

This study relies on subsidiary-unit level data from South Korean MNEs. Many South Korean MNEs, such as Samsung, Hyundai, and LG have become globally competitive players in their respective industry sectors (Kim & Tung, 2013). They are less studied than the USA, Europe, and Japan, but South Korean MNEs are good examples for studying subsidiary staffing due to their significant presence across the world (Chung, Sparrow, & Bozkurt, 2014).

A survey with managers in subsidiaries of 17 South Korean MNEs was conducted across eight industries such as computer and electronics, machinery, metal. IT services, construction, services, finance and insurance, and beverage. The companies were selected based on three criteria: their international presence - the total number of subsidiary and data accessibility. All companies in the sample also have leading positions in their respective industries. The ratios of international revenue to total revenue range from 130 to 178,217million US dollar. 13 firms among the Korean MNEs ranked on the 2016 Fortune 500 list. The total number of employees of the firms range from 282 to 392,305 with a mean of 34,932. In total, data from managers in 80 subsidiaries was collected.

For the data collection, originally, HRM executive or managers at each firm were asked to send my survey questionnaires to their subsidiary-unit managers. However, the response rate was considerably low with 8% mainly due to confidentiality issues. Thus, most of the data was collected through on-site visits such as China, Vietnam, Thailand, Singapore, Hungary, and Slovakia from December 2016 to April 2018. The final sample consisted of 284 subsidiary-unit managers. The respondents include 206 PCNs (72.5%), 73 HCNs (25.7%) and 5 TCNs (1.8%). Non-Korean respondents include managers from China (15.1%), Thailand (4.9%) with the remainder spread among 14 other countries. 247 (87.0%) of the respondents have international experience. Among them, 36.9% are PCNs with host country experience, 28.5% are PCNs with third countries experience, and 16.2% are HCNs with MNE home country experience.

All questionnaire items were originally written in English. Original items were translated into Korean with the help of an English-Korean bilingual speaker who is an expert in field of IHRM. The questionnaire (appropriately translated and back-translated: Brislin, 1976; Brislin, Lonner, & Thorndike, 1973; Matsumoto & van de Vijver, 2010) was in Korean for PCNs, and English for HCNs/ TCNs.

5.5.2. Measurement

Two independent variables in the study are *the extent of international experience* and *the duration of international experience* that are measured by counting the number of work and non-work experiences spent in foreign countries lasting more than one month to capture all the meaningful experiences (Dragoni et al., 2014; Takeuchi et al., 2005), and by summing years of prior international experience (Georakakis et al., 2016; Hamori & Koyuncu, 2011; Le & Kroll, 2017; Schmid & Wurster, 2017) including work or non-work in foreign countries.

Three dependent variables in the study are *the size, strength and benefits of advice networks. The size of advice network* is defined as the total number of contacts an individual currently has (Semrau & Werner, 2014). *The strength of advice networks* was measured by the closeness and interaction frequency between two individuals (Granovetter, 1973; McDonald et al., 2008). *The benefits of advice networks* were measured through benefit factors such as reformulation issues, generating solutions, meth-knowledge, validating solution, and legitimation suggested by Cross and colleagues (2001).

The previous research on international experience, social networks, and subsidiary performance indicated several variables to be controlled for in the data analyses. I included a set of individual, subsidiary, and parent firm level control variables. I used *nationality, job functions, total tenure in entire career, job grade, gender*, and *age* in order to control *individual-level characteristics*. S*ubsidiary-level characteristics* were used *subsidiary age, subsidiary size* (Delios & Björkman, 2000; Peng & Beamish, 2014), and *a transnational context of subsidiary* which requires both global integration and local responsiveness was also considered as a control variable (Meyer & Su, 2015). *Parent firm characteristics* measured s*ize* (Harzing, 2001), and *industry* (Kobrin, 1991).

5.5.3. Analytic Approach

My hypotheses are based on the belief that a subsidiary-unit manager with international experience will have more advice-seeking networks across HQ and local environment than those without such experience. To test my hypotheses, I carried out the analysis procedure as follow.

First, a new dependent variable, ‘dual advice networks’ was created using two factors: One is a subsidiary-unit manager’s advice network with managers in corporate HQ; the other is a subsidiary-unit manager’s advice network with local stakeholders, including managers in the subsidiary, government officers, suppliers, customers, vendors, and experts in other companies. Based on the two factors and informed by a recent study (Choi & Contractor, 2016), cluster analysis was conducted to classify my sample cases according to the degrees of dual advice networks in terms of the three dimensions of the network (size, strength, and benefits). For example, for strength of advice network, the cluster analysis classified my sample into four groups: subsidiary-unit managers with high local and high HQ advice networks (coded as 4); those with high local and medium HQ advice networks (coded as 3); those with medium local and medium HQ advice networks (coded as 2); those with medium local and low HQ advice networks (coded as 1).

[Table 5-1. Cluster Analysis: Dual Advice Networks with Local Country and HQ]

Cluster	Size		Strength		Benefits	
	Type	No.	Type	No.	Type	No.
1	Slightly low local-slightly low HQ	64	High local-high HQ	122	Medium local-medium HQ	90
2	Medium local-medium HQ	36	High local-medium HQ	40	High local-high HQ	150
3	Extremely Low local- extremely low HQ	84	Medium local-medium HQ	69	Low local-low HQ	24
4	Slightly high local-medium HQ	12	Medium local-low HQ	34	-	-
5	Medium local-Extremely low HQ	27	-	-	-	-
6	Extremely high local-extremely high HQ	61	-	-	-	-
Total		284		265		264

Second, as the data for the research variables were obtained from the same source – subsidiary-unit managers - there is a possibility that common method variance (Podsakoff & Organ, 1986; Podsakoff et al., 2003) may have inflated or deflated the strengths of the relationships among research constructs. Several procedures were followed to reduce the risk of common method bias: (1) making explicit statements on the nature of the research project and protection of respondent anonymity (Nancarrow, Brace & Wright, 2001; Podsakoff et al., 2003); (2) placing the dependent variables after the independent (William, Cote, & Buckley, 1989); (3) using several reverse-scored items in the principal constructs to reduce acquiescence problems (Lindell & Whitney, 2001; Podsakoff et al., 2003). In addition, a Harman's single-factor test was employed (Podsakoff & Organ, 1986) in which five variables were subjected to a principal component analysis with varimax rotation. Two components with eigenvalues greater than 1.0 were obtained. The factor analysis results reveal that two factors accounts for 68.4% of the total variance, while factor 1 only accounts for 39.6%. Therefore, a single factor does not emerge and factor 1 does not explain most of the variance. Based on these results, it seems that common method bias is unlikely to be a concern in the data.

Third, to verify whether the four aspects of benefit of advice network - problem reformulation, generating solutions, validation, and legitimation - can be combined into one variable, I conducted an exploratory factor analysis using the principal-axis factoring extraction method and found support for a one-factor solution (variance explained by a one-factor solution was 81.3%). The reliability test of these items showed a Cronbach's alpha of 0.918.

Fourth, there were some high correlations between two control variables: The number of subsidiaries and the size of the parent firm. Therefore, variance inflation factor (VIF) analysis was conducted to check multicollinearity in each regression model. As a result, 'the number of subsidiaries' was deleted from the control variables and the number of the parent firm's employees was standardised by z-score. After that, the largest VIF in the model was 3.94 which is far lower than the usual cutoff point of 10

(Hair et al., 2006). Therefore, I concluded that no serious multicollinearity issue was involved in the analysis.

Lastly, additional analysis was conducted for the 81 PCNs with international experience in third countries to test Hypothesis 3a, 3b, and 3c. Instead of a creating 'dual advice networks', size, strength, and benefits from advice-givers of advice network with managers in HQ were used independently, in line with the hypotheses.

In this section, data collection, detailed measurement of variables, and analytic approach are discussed. Next, I present empirical results to test hypotheses.

5.6. Results

Correlation statistics, including means and standard deviations are provided in Table 5-2. The mean score for the number of previous international experiences was 2.55, and length of previous international experience was 2.68 years. Subsidiary-unit managers have 3.04 contact points for advice-seeking on average.

[Table 5-2. Means, Standard Deviations, and Correlations]

Variables	Mean	S.D	1	2	3	4	5	6	7	8	9
1. Nationality (PCNs)	0.70	0.46	1.00								
2. Nationality (HCNs)	0.26	0.44	-0.90**	1.00							
3. Job function (Staff)	0.35	0.48	-0.07	0.04	1.00						
4. Job function (Sales & Marketing)	0.17	0.38	0.09	-0.14*	-0.33**	1.00					
5. Job function (Production)	0.37	0.48	0.07	-0.01	-0.56**	-0.34**	1.00				
6. Tenure	4.63	0.58	0.00	-0.04	0.00	-0.02	0.06	1.00			
7. Job grade	2.29	0.77	0.05	-0.13*	0.03	0.05	-0.06	0.55**	1.00		
8. Gender	0.93	0.26	0.40**	-0.39**	-0.05	0.02	0.02	0.10	0.04	1.00	
9. Age	5.25	0.88	0.15*	-0.24**	0.05	-0.02	0.06	0.56**	0.70**	0.08	1.00
10. Subsidiary age	4.69	0.82	-0.17**	0.21**	0.07	0.10	-0.22**	0.04	0.15*	-0.07	0.05
11. Total number of subsidiary employee	7.36	2.40	0.17**	-0.08	-0.05	-0.46**	0.42**	0.06	-0.09	0.12	-0.01
12. Transnational strategic context of a subsidiary	0.12	0.32	0.02	0.01	0.01	-0.08	0.05	0.03	0.01	0.06	0.01
13. Total number of employee in MNE	11.04	1.86	-0.09	0.03	-0.13*	-0.11	0.25**	0.04	-0.05	-0.05	-0.08
14. Industry (Computer & Electronics)	0.49	0.50	-0.01	-0.01	-0.12*	-0.14*	0.24**	-0.04	-0.06	-0.07	-0.12
15. Industry (Machinery)	0.42	0.49	0.02	0.06	0.05	0.07	-0.11	0.12*	0.07	0.08	0.13*
16. The extent of international experience	2.55	0.98	0.04	-0.14*	-0.07	0.12*	0.00	-0.01	0.14*	-0.10	0.11
17. The duration of international experience	2.68	4.56	-0.20**	0.04	-0.06	0.16**	-0.02	0.09	0.21**	-0.15*	0.23**
18. Size of dual advice networks with HQ and local	3.04	1.91	-0.04	0.07	0.11	-0.06	0.02	-0.12*	-0.05	-0.11	-0.04
19. Strength of dual advice networks with HQ and local	2.94	1.11	0.01	0.04	0.07	-0.14*	0.21**	-0.12	-0.05	-0.03	-0.06
20. Benefits of dual advice networks with HQ and local	2.48	0.66	-0.16	0.20**	0.05	-0.04	0.07	-0.07	-0.07	-0.12	-0.12
21. Size of advice network with HQ	4.17	3.11	0.05	-0.03	0.07	-0.07	0.07	-0.14*	-0.05	-0.09	-0.06

Variables	10	11	12	13	14	15	16	17	18	19	20	21
1. Nationality (PCNs)												
2. Nationality (HCNs)												
3. Job function (Staff)												
4. Job function (Sales & Marketing)												
5. Job function (Production)												
6. Tenure												
7. Job grade												
8. Gender												
9. Age												
10. Subsidiary age	1.00											
11. Total number of subsidiary employee	-0.27**	1.00										
12. Transnational strategic context of a subsidiary	-0.01	0.03	1.00									
13. Total number of employee in MNE	-0.06	0.57**	0.05	1.00								
14. Industry (Computer & Electronics)	-0.11	0.49**	-0.03	0.87**	1.00							
15. Industry (Machinery)	0.08	-0.26**	0.07	-0.54**	-0.83**	1.00						
16. The extent of international experience	-0.09	-0.06	-0.13*	-0.04	0.15*	-0.27**	1.00					
17. The duration of international experience	-0.06	-0.19**	-0.12*	-0.09	0.03	-0.17**	0.51**	1.00				
18. Size of dual advice networks with HQ and local	0.01	0.22**	-0.08	0.16**	0.26**	-0.22**	0.14*	-0.05	1.00			
19. Strength of dual advice networks with HQ and local	-0.13	0.25**	0.06	0.09	0.10	-0.03	0.03	-0.02	0.46**	1.00		
20. Benefits of dual advice networks with HQ and local	-0.04	0.13**	0.09	0.17**	0.15*	-0.08	-0.02	-0.04	0.47**	0.45**	1.00	
21. Size of advice network with HQ	-0.03	0.20**	-0.05	-0.12*	0.23**	-0.21**	0.19**	0.01	0.89**	0.53**	0.42**	1.00

N=284, * p<0.05, ** p<0.01, two-tailed, Nationality variables are categorised into 1) PCNs, 2) HCNs, Job function variables are categorised into 1) Staff, 2) Sales, 3) Production, Subsidiary strategic context variable is categorised into 1) Transnational (High GI-LR), 0) Others, Industry variable is categorised into 1) Manufacturing-computer & electronics, 2) Manufacturing-machinery

The results of the multiple regression analysis are presented in Tables 5-3. Table 5-3 shows the relationship between international experiences and dual advice networks of corporate HQ and local stakeholders. I first entered all the control variables (Model 1, 5, and 9) before adding the independent variables. In particular, sales and marketing job is positively related to the size of dual advice networks ($\beta = 0.34$, $p < 0.001$). That is consistent with the claims that sales managers' formal and informal relations may have a positive impact on sales performance (Gonzalez, Claro, & Palmatier, 2014). Total number of subsidiary employee are also positively related to all dimensions of dual advice networks (size: $\beta = 0.37$, $p < 0.001$, strength: $\beta = 0.39$, $p < 0.001$, benefits: $\beta = 0.31$, $p < 0.01$) as it may raise the strong possibility to create advice networks within a subsidiary.

Model 4, 8, and 12 test the effect of the extent and duration of international experiences on dual advice networks with corporate HQ and local stakeholders in order to test Hypotheses 1 and 2. The extent of previous international experiences was positively related to all dimensions of advice networks (size: $\beta = 0.16$, $p < 0.05$, strength: $\beta = 0.17$, $p < 0.05$, benefits: $\beta = 0.19$, $p < 0.05$). Adding the extent of international experiences variable to the regression analysis increases the explanatory power from 25% in Model 1 to 36% in Model 2, from 9% in Model 5 to 12% in Model 6, and from 13% in Model 9 to 15% in Model 10. The results strongly support Hypotheses 1a~1c.

However, the relationship between the duration of international experience and the benefits of advice networks was not significant. This leads us to reject Hypotheses 2a~c.

[Table 5-3. Multiple Regression: International Experience and Dual Advice Networks in Corporate HQ and Local Stakeholders]

Variables	Size				Strength				Benefits			
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9	Model 10	Model 11	Model 12
	β (S.E)	β (S.E)	β (S.E)	β (S.E)	β (S.E)	β (S.E)	β (S.E)	β (S.E)	β (S.E)	β (S.E)	β (S.E)	β (S.E)
Nationality (PCNs)	-0.06	-0.11	-0.08	-0.11	0.00	-0.02	0.03	0.01	-0.19	-0.21*	-0.19*	-0.21*
	(0.32)	(0.29)	(0.31)	(0.30)	(0.21)	(0.20)	(0.21)	(0.11)	(0.11)	(0.11)	(0.12)	(0.11)
Job function (Staff)	0.19	0.17	0.21	0.21	-0.10	-0.09	-0.11	-0.10	0.17	0.17	0.17	0.18
	(0.44)	(0.40)	(0.43)	(0.40)	(0.27)	(0.27)	(0.27)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)
Job function (Sales & Marketing)	0.34***	0.25**	0.30**	0.27*	0.12	0.07	0.10	0.06	0.27*	0.22*	0.27*	0.23*
	(0.55)	(0.52)	(0.54)	(0.52)	(0.34)	(0.34)	(0.34)	(0.19)	(0.19)	(0.19)	(0.19)	(0.19)
Job function (Production)	0.06	0.03	0.10	0.08	0.06	0.04	0.04	0.03	0.07	0.05	0.07	0.06
	(0.44)	(0.41)	(0.44)	(0.41)	(0.28)	(0.27)	(0.27)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)
Tenure	-0.18*	-0.17*	-0.15	-0.17	-0.18	-0.19*	-0.19*	-0.19*	-0.06	-0.07	-0.06	-0.07
	(0.27)	(0.25)	(0.26)	(0.25)	(0.17)	(0.16)	(0.16)	(0.09)	(0.09)	(0.09)	(0.09)	(0.09)
Job grade	0.11	0.10	0.10	0.11	0.17	0.17	0.16	0.16	0.11	0.11	0.11	0.10
	(0.25)	(0.23)	(0.25)	(0.23)	(0.16)	(0.15)	(0.15)	(0.08)	(0.09)	(0.08)	(0.09)	(0.08)
Gender	-0.14*	-0.12	-0.13	-0.12	-0.15	-0.13	-0.16	-0.15	-0.10	-0.09	-0.10	-0.08
	(0.50)	(0.46)	(0.49)	(0.46)	(0.31)	(0.30)	(0.31)	(0.17)	(0.17)	(0.17)	(0.17)	(0.17)
Age	0.16	0.13	0.18	0.17	-0.05	-0.06	-0.06	-0.07	-0.05	-0.07	-0.06	-0.07
	(0.22)	(0.20)	(0.21)	(0.20)	(0.14)	(0.13)	(0.14)	(0.07)	(0.07)	(0.07)	(0.08)	(0.07)
Subsidiary age	-0.08	-0.10	-0.13	-0.15	-0.12	-0.10	-0.07	-0.07	-0.14	-0.12	-0.13	-0.13
	(0.17)	(0.15)	(0.17)	(0.16)	(0.11)	(0.10)	(0.11)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)
Total number of subsidiary employee	0.37***	0.30**	0.36**	0.36**	0.39***	0.37**	0.42***	0.39***	0.31**	0.29**	0.31**	0.28**
	(0.08)	(0.08)	(0.08)	(0.08)	(0.05)	(0.05)	(0.05)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Transnational context of a subsidiary	-0.16*	-0.11	-0.11	-0.11	0.01*	-0.04	0.04	0.05	0.07	0.09*	0.07*	0.09*
	(0.34)	(0.32)	(0.34)	(0.32)	(0.21)	(0.21)	(0.21)	(0.12)	(0.12)*	(0.17)	(0.12)	(0.11)
Total number of employee in MNE	-0.20	-0.18	-0.34*	-0.30*	-0.14	-0.09	-0.17	-0.12	-0.01	0.03	-0.02	0.04
	(0.14)	(0.13)	(0.14)	(0.13)	(0.09)	(0.09)	(0.09)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
Industry (Machinery)	-0.39***	-0.22*	-0.31*	-0.27*	0.00	0.09	0.01	0.08	-0.16	-0.08	-0.16	-0.08
	(0.42)	(0.41)	(0.42)	(0.41)	(0.26)	(0.27)	(0.26)	(0.15)	(0.14)	(0.15)	(0.14)	(0.15)
The extent of international experience		0.35***		0.16*		0.21*		0.17*		0.18*		0.19*
		(0.15)		(0.15)		(0.10)		(0.06)		(0.05)		(0.05)
The duration of international experience			0.16*	0.11			0.15*	0.11			0.03	-0.03
			(0.04)	(0.04)			(0.03)	(0.02)			(0.02)	(0.02)
R^2	0.31	0.41	0.33	0.42	0.16	0.19	0.17	0.20	0.19	0.22	0.19	0.22
Adjust R^2	0.25	0.36	0.28	0.36	0.09	0.12	0.11	0.12	0.13	0.15	0.12	0.14
F	5.76***	8.40***	6.04***	7.95***	2.29**	2.68**	2.45**	2.63**	2.92**	3.17***	2.70**	2.95***

N=183, * p<0.05, ** p<0.01, ***p<0.001, two-tailed,

Nationality2 (HCNs) and industry (computer & electronics) were excluded due to high VIF test score

Table 5-4 shows that expatriates' international work experience in third counties is negatively related to the size of advice networks with managers in corporate HQ ($\beta = -0.30$, $p < 0.05$). This result supports Hypothesis 3a, but means that Hypotheses 3b and 3c are rejected.

[Table 5-4. The Duration of International Work Experience of an Expatriate in Third Counties and Advice Network in Corporate HQ]

Variables	Size		Strength		Benefits	
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
	β (S.E)	β (S.E)	β (S.E)	β (S.E)	β (S.E)	β (S.E)
Nationality (PCNs)	0.08 (1.44)	0.07 (1.40)	-0.08 (.58)	-0.07 (0.59)	-0.08 (0.73)	-0.08 (0.74)
Job function (Staff)	0.26 (0.84)	0.35 (0.84)	0.05 (.35)	0.03 (0.35)	0.28 (0.43)	0.31 (0.44)
Job function (Sales & Marketing)	0.07 (0.85)	0.20 (0.86)	-0.13 (.35)	-0.17 (0.36)	0.30 (0.44)	0.34 (0.46)
Job function (Production)	0.25 (0.82)	0.34 (0.82)	0.22 (.34)	0.20 (0.34)	0.34 (0.42)	0.37 (0.43)
Tenure	0.00 (0.58)	-0.09 (0.59)	-0.02 (.24)	0.00 (0.25)	-0.18 (0.30)	-0.20 (0.31)
Job grade	0.18 (0.43)	0.26 (0.43)	0.09 (.18)	0.07 (0.18)	0.21 (0.22)	0.24 (0.23)
Age	-0.20 (0.40)	-0.07 (0.41)	-0.31 (.17)	-0.34 (0.18)	-0.03 (0.22)	0.01 (0.23)
Industry (Machinery)	0.30 (0.45)*	-0.44 (0.50)**	0.06 (.19)	0.10 (0.22)	0.11 (0.23)	0.06 (0.27)
Total number of employees in MNE	-0.47 (0.12)**	-0.50 (0.12)***	-0.07 (.05)	-0.05 (0.05)	0.00 (0.06)	-0.03 (0.07)
The duration of international work experience		-0.30 (0.09)*		0.09 (0.04)		-0.10 (0.05)
R^2	0.21	0.26	0.13	0.14	0.06	0.07
Adjust R^2	0.11	0.15	0.02	0.01	-0.06	-0.07
F	2.05*	2.44*	1.13	1.04	0.50	0.49

N=Size: 79, Strength and Benefits: 74, * p<0.05, ** p<0.01, ***p<0.001, two-tailed
Some variables (i.e., gender, subsidiary age, total number of subsidiary employee, and transnational strategic context of a subsidiary) that are not suitable for this analysis were removed. And, Nationality (HCNs) and Industry (computer & electronics) were excluded due to high VIF test score

Contrary to my expectations, table 5-5 shows that PCN expatriates' international work experience in third counties is not related to all advice networks with managers in peer subsidiaries. Thus Hypotheses 4a~4c are not supported.

[Table 5-5. The Duration of International Work Experience of an Expatriate in Third Counties and Advice Network in Peer Subsidiaries]

Variables	Size		Strength		Benefits	
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
	β (S.E)	β (S.E)	β (S.E)	β (S.E)	β (S.E)	β (S.E)
Nationality (PCNs)	-0.23 (0.80)*	-0.23 (0.81)*	0.07 (0.40)	0.08 (0.40)	0.06 (0.41)	-0.08 (0.74)
Job function (Staff)	0.07 (0.64)	0.07 (0.65)	-0.04 (0.32)	-0.03 (0.32)	0.35 (0.34)	0.31 (0.44)
Job function (Sales & Marketing)	0.08 (0.66)	0.09 (0.68)	-0.27 (0.34)	-0.22 (0.35)	0.20 (0.36)	0.34 (0.46)
Job function (Production)	-0.09 (0.65)	-0.08 (0.65)	-0.18 (0.33)	-0.16 (0.33)	0.30 (0.35)	0.37 (0.43)
Tenure	0.01 (0.48)	0.00 (0.48)	-0.15 (0.26)	-0.15 (0.26)	-0.25 (0.27)	-0.20 (0.31)
Job grade	0.09 (0.36)	0.10 (0.36)	0.27 (0.21)	0.30 (0.21)	0.32 (0.21)	0.24 (0.23)
Age	-0.13 (0.32)	-0.11 (0.34)	0.06 (0.16)	0.12 (0.17)	-0.15 (0.17)	0.01 (0.23)
Industry (Machinery)	0.03 (0.40)	0.01 (0.43)	-0.16 (0.21)	-0.21 (0.23)	-0.03 (0.22)	0.06 (0.27)
Total number of employees in MNE	0.06 (0.11)	0.06 (0.11)	0.02 (0.05)	-0.15 (0.05)	0.13 (0.06)	-0.03 (0.07)
The duration of international work experience		-0.05 (0.08)		0.15 (0.04)		-0.10 (0.05)
R^2	0.09	0.10	0.10	0.11	0.12	0.07
Adjust R^2	0.01	0.00	-0.02	-0.02	0.01	-0.07
F	1.15	1.05	0.83	0.83	1.04	0.49

N=Size: 108, Strength and Benefits: 78, * $p<0.05$, ** $p<0.01$, *** $p<0.001$, two-tailed
Some variables (i.e., gender, subsidiary age, total number of subsidiary employee, and transnational strategic context of a subsidiary) that are not suitable for this analysis were removed. And, Nationality (HCNs) and Industry (computer & electronics) were excluded due to high VIF test score

5.7. Discussion and Conclusion

Subsidiary staffing can play an important role in MNE success (Wright, Dunford, & Snell, 2001). It has been argued that obtaining and developing managers who are effective internationally is crucial for MNEs (Schuler & Tarique, 2012). The literature on international staffing in MNEs, however, often focuses on staffing choices, which assume no prior international experience. Given subsidiaries' dual embeddedness within the MNE and the local milieu, the results of my study reveal that this may not be the best option.

Having and effectively managing advice networks in order to get maximum value from the dual embeddedness of subsidiaries are keys to performance for subsidiary-unit managers. Those managers with multi-international experience and strong networks with HQ and the local environment can often ensure the survival and success of the subsidiary. My empirical evidence highlights that the extent of international experience may be more important than the length of international experience in building advice networks in internal and external organisations, implying that a variety of international experiences in other countries is more valuable than one long stay. Specifically, the extent of international experience is closely related to all types of dual advice networks. Since Hypotheses 1 are supported, this raises questions about the findings by previous research of the positive impacts of the number of international experience on social capital. Managers may expand their networks of relevant contacts significantly during their assignments both in the local country as well as in HQ (Antal, 2000; Mäkelä, 2007). The managers may encounter a large number of people in different contexts, both within and outside of their firms. These networks represent a wide range of contacts geographically (Suutari & Mäkelä, 2007). The managers' awareness of cultural differences and communication skills in the local language developed by international experience can help build their strong interpersonal relationships (Wang & Tran, 2012). International experience also may lead to more effective information benefits include (1) access to more and different information, (2) earlier access to information, and (3) positive remarks to third parties leading to connections or a better reputation (Borgatti & Cross, 2003; Burt, 1992).

In addition, the longer PCN expatriates are spending in third countries, the less contact points they may have for seeking advice from corporate HQ (Hypotheses 3), underlining the managers' dilemma: The managers can increase their value in the labour market through investments in their human capital through international assignments (Mäkelä, Suutari, Brewster, Dickmann, & Tornikoski, 2015) but extensive international experience reduces networks with key managers in the MNE's HQ (Georgakakis et al., 2016).

Lastly, I found no relationship between PCNs expatriates' international work experience in third counties and all advice networks with managers in peer subsidiaries. Although many South Korean MNEs deploy PCN expatriates with third country experience in the new subsidiary for knowledge transfer as either technical specialists or head of subsidiaries (Suutari & Brewster, 2009), they may not have enough competencies in effective knowledge transfer (Peng, 2011).

5.7.1. Theoretical Implications

This study contributes to research on international experience and social/ advice networks in MNEs literature in five distinct ways. First, previous research has examined external local networks and internal MNE networks separately. Studies of managerial ties have focused mainly on external stakeholders (Kotabe et al., 2011) or emphasised subsidiary managers' contacts with corporate HQ (Björkman et al., 2004; Kostova &

Roth, 2003). I introduce ‘dual advice networks’ by combining advice networks in corporate HQ with those in local institutions through performing a more comprehensive, fine-grained, and nuanced cluster analysis, in order to explain how subsidiary staffing choices are related to advice network relationships in the context of the dual embeddedness of subsidiaries.

Second, my study provides empirical evidence of the antecedents of subsidiary managers’ social networks and hence their social capital (Lazarova & Taylor, 2009). Expatriates use their networks to obtain critical informational and emotional support resources for adjusting in the host country (Farh, Bartol, Shapiro, & Shin, 2010). But, I find that various dimensions of previous international experience have different and unique influences on advice networks. In particular, the extent of international experience is positively related to most dual advice networks.

Third, I develop theoretical constructs of the types of international experience by considering nature of the experience, locations, and time from a multi-dimensional perspective (Le & Kroll, 2017; Takeuchi et al., 2005). Previous studies have considered only one dimension of such international experiences, usually in relation to careers (Hamori & Koyunch, 2011; Schmid & Wurster, 2017). A more nuanced approach is better able to illuminate the link between international experiences and organisational outcomes, consistent with the argument by Tesluk and Jacobs (1998) that international experience should be measured by both quantitative (i.e., extent and duration of international experience) and qualitative components (i.e., locations).

Fourth, my findings suggest that the extent of international experiences, including non-work experience, can affect advice networks inside and outside MNEs. Expatriates face an unfamiliar environment in both work and life generally and previous international non-work experience assists with general life and family issues in the host country (Nina & Kimberly, 2014; Takeuchi et al., 2005). Spill-over effects (Haslberger, Brewster, & Hippler, 2014) mean that such adjustment will help with work adjustment too. For subsidiary managers, cross-cultural intelligence developed by international non-work experience may facilitate the interaction with advice-givers who have different cultural backgrounds (Moon et al., 2012).

Lastly, my study extends understanding of social learning theory in IHRM research. Social learning theory has been used to address international experience in relation to cross cultural competence (Fee et al., 2013; Moon et al., 2012). I find that social learning about different cultures through prior experiences can enhance subsidiary managers' competence not only to communicate in ways that are appropriate in a international markets, and but can also enhance their willingness to interact with people from different cultures.

5.7.2. Practical Implications

A major concern for MNEs is how to build social capital in the global network of MNEs' subunits, so they devote attention to the identification, development and retention of global managers, particularly those with experience of crossing geographic and cultural boundaries, who can successfully develop social capital in multiple cultural settings (Taylor, 2006). I am now able to contribute the following suggestions as to how MNEs can select and deploy their potential subsidiary-unit managers more effectively.

An immediate suggestion is that appropriate selection systems for international managers are important in order to reduce failure rates and to improve performance in the subsidiary (Caligiuri et al., 2009). For example, effective recruitment and selection is a key for subsidiary-unit managers with wide international experience. Hence, MNEs should be aware of the limitations of traditional forms of international assignments (e.g., PCNs/HCNs/TCNs with no or limited international experience) and should work toward more sophisticated recruitment and selection techniques (Collings et al., 2007). The majority of MNEs continue to focus on domestic career record as the most important selection criteria and a number of MNEs still do not fully appreciate international experience (Morley & Flynn, 2003).

The results of the paper show that previous international experience is an important selection criterion for potential candidates and that in selecting subsidiary managers, MNEs should consider all aspects of international experience including work and non-work experience and its extent and time. I find that the extent of international experiences matters for building social networks. Total number of international non-work experience was 53.0% of total number of international experience (333/629) in my sample. As a result, I suggest that IHRM practitioners might perhaps need to be prepared to send employees to foreign countries more frequently for non-work purposes (e.g., study abroad, learning foreign culture/ language) in order to increase their pool of potential candidates. Hence, the identification and appointment of managers for subsidiary key positions, who can develop social capital across HQ and local parties, would be a critical decision for MNEs (Mäkelä, Björkman, & Ehrnrooth, 2009; Scullion & Collings, 2006).

5.7.3. Limitations and Future Research

We acknowledge that this study has some limitations. First, it is based on a cross-sectional design and a self-reported survey, since resources did not allow more elaborate procedures. Future longitudinal research and analysis of results from multiple respondents would be useful to advance the findings of this study.

Second, the data in this paper is collected from South Korean MNEs. Whilst this is an under-researched group, further research is needed to investigate the international experience-advice networks relationship in other countries' MNEs (Hamori & Koyuncu, 2011). The use of a single country sample adds to our knowledge of a comparatively under-researched country but inevitably raises concerns about generalizability (Gaur et al., 2007). Scholars have identified substantial differences in HRM policies between countries (Brewster & Mayrhofer, 2012) and these should be investigated further. Another sampling issue is that most of the study's respondents, as is typical of South Korean MNEs, were from China, Vietnam, Thailand, and Singapore. Note too that the sample is of larger South Korean MNEs and that smaller companies or public organisations in the same country may be different.

Finally, I focused on past international experience as the research objectives were mainly concerned with MNEs' staffing choices. However, current international experience (i.e., an expatriate experience in the current subsidiary and HCNs/ TCNs experience in the current subsidiary) may have an influence on advice networks.

In spite of these limitations, the findings are robust. They also indicate future research avenues. For example, it would be useful to examine why managers' duration of international experience is not related to all dimensions of dual advice networks. Manager's individual characteristics may affect the duration of international experience-dual advice-seeking networks. The relationship between the size of advice networks and subsidiary-unit performance could be examined further. There is a clear link between these social ties and managers' rewards (Flap & Volker, 2001). However, the relationship between managerial ties and firm performance has yet to be firmly established empirically. Future research could also explore antecedent variables for accumulating international experience such as acculturation attitudes, job rotation, and financial incentive systems for managers to accept international assignments.

Chapter 6. Managers' international experience and subsidiary-unit performance in South Korean MNEs: the mediating effects of dual advice networks (Paper #3)

6.1. Abstract

Despite potential performance benefits of subsidiary managers' international experiences in MNEs, little is known about the exact types of international experiences and underlying mechanisms that contribute to subsidiary-unit performance. I examine whether and why subsidiary unit managers' international experiences across MNE home and host countries matter for their subsidiary-unit performance, taking particular account of the mediating effect of their dual advice networks - combined networks allowing them to access both HQ and local sources of knowledge and resources. Using a survey of 238 subsidiary-unit manager in South Korean MNEs, I find that when a subsidiary unit manager has more international experiences - in terms of the extent and duration - in both the MNE's home and host country, the subsidiary unit shows better performance, due to the size of the manager's dual advice networks across HQ and local parties.

Keywords: international experience, subsidiary staffing, resource based view, advice network, subsidiary performance, South Korean MNEs

6.2. Introduction

Today's highly competitive environment creates an increasing demand for managers who are able to understand how international interdependencies among internal and external organisations can be managed effectively (Holtbrügge & Mohr, 2011), and how to manage in culturally and institutionally distant markets (Li & Scullion, 2010). MNE subsidiaries are dually embedded (Achcaoucaou, Miravitlles, & León-Darder, 2014; Meyer et al., 2010), facing potentially conflicting pressures from corporate HQ and local markets: They have to deal with not only the challenges in their own host environment but also their relationship with HQ (Birkinshaw et al., 2005).

The survival and success of a subsidiary lies in its manager's ability to procure sufficient resource from corporate HQ and local stakeholders (Chen, Chen, & Ku, 2012). It has been argued that obtaining and developing managers who are able to operate internationally is the most important human resource management practices for MNEs (Stahl, Björkman, & Morris, 2012).

Although subsidiary managers' international experience may affect performance (Carpenter et al., 2001; Daily et al., 2000), previous research on the impact of international experience on outcomes has been concerned not with subsidiary performance but mainly with managers' career development (Hamori & Koyunch, 2011; Jokinen et al., 2008) and cross-cultural competency (Engle & Crowne, 2014). The relationship between a subsidiary manager's international experience and the performance of the subsidiary remains unclear. In particular, little is known about how different types of international experiences contribute to subsidiary unit performance. In order to explore the link between such experiences and performance, I differentiate international experience along three dimensions: nature (work/ non-work), location (MNE home/ host country), and time (past/ current).

Experience allows individuals to accumulate ‘strategic resource’ that are valuable, rare, inimitable, and non-substitutable skills, expertise, and tacit/ explicit work-related knowledge that may be firm-specific or potentially transferable across organisational boundaries (Inkson & Arthur, 2001). An individual with international experience that is difficult to acquire domestically may meet criteria for strategic resource for the MNE (Daily et al., 2000). In this regards, a subsidiary manager’s international experience could be one of the ‘strategic resources’, as they are considered as unique resources in a subsidiary as a member of TMT. As noted by Vora and colleagues (2007), a subsidiary manager, key members of the TMT in the subsidiary, as compared to other members in a subsidiary, is faced with dual managerial roles involving both the interests of the MNE and the subsidiary. Through their international encounters, managers may build useful internal (Athanassiou & Nigh, 1999) and external networks (Mäkelä & Suutari, 2009).

Although international experience is important, advice networks that can promote task performance (Zhang & Peterson, 2011) may also matter. International experience provides extended networking opportunities (Jokinen et al., 2008) which could provide benefits for a subsidiary. Advice networks are much studied (Cross & Parker, 2004) and are crucial for members to exchange business strategy, and managerial know-how (McDonald et al., 2008), job-related information, and to ensure effective resources allocation in the network (Cross & Parker, 2004).

‘Dual advice networks’ - accessing both corporate HQ and local sources of information, resources and knowledge - help subsidiary managers’ communication with HQs and operations in the host country, enhancing the subsidiaries organisational and finance performance. Previous research on social capital focuses on either the external network (i.e., suppliers, customers, and government) or the internal network (i.e., organisations in HQs and subsidiaries) (Walter, Lechner, & Kellermanns, 2007). Unfortunately, this separation limits our understanding about the interdependencies and interactions of inter- and intra-firm networks (Reagans, Zuckerman, & McEvily, 2004). However, dual advice networks may allow subsidiary managers to maintain contacts with individuals in HQ and the host country simultaneously in order to overcome dual embeddedness and perform their roles effectively (Borgatti & Cross, 2003). I explore what parameters of networks (size, strength, benefits: Wellman, 1983) may explain the relationship between international experiences and unit performance.

This study offers several contributions to the IHRM literature. First, it provides novel insights and empirical evidence to extend the line of research on the impact of international experience on MNE performance by finding the exact types of international experiences that matter for subsidiary-unit performance. Second, I draw on and add to the resource based theory that people with international experience are highly valued in MNEs (Haas, 2006), being willing to enhance an understanding of how to influence organisational decision-making processes for future corporate business strategy on behalf of a subsidiary (Björkman et al., 2004; Kostova & Roth, 2003), and likely to response effectively to local demands (Andersson, Forsgren, & Holm, 2002; Peng & Luo, 2000). I also consider social networks as one of the key resources (Lavie, 2006; Li & Ogunmokun, 2001). Third, the focus on a subsidiary-unit manager's advice network adds a missing piece to research on international experience and subsidiary-unit performance. I conclude that the size of advice networks mediates the relationship between international experience and subsidiary-unit performance. Finally, here, I focus on performance at a subsidiary-unit level, given that any subsidiary may be organised into a number of units specialised in different products, businesses and functions with different strategic priorities (Tsai, 2001).

The paper takes the following form. First, I review the literature to identify the theoretical backgrounds and develop hypotheses. Then I outline successively my methodology, results, discussion and conclusions of the study.

6.3. Impacts of a Subsidiary-unit Manager's International Experience on Subsidiary-Unit Performance

The effects of international experience on organisational and financial performance have been studied mainly at the top management level (Carpenter et al., 2001; Le & Kroll, 2017). CEOs with substantial international experience can identify opportunities in foreign markets, develop unique international strategies (Le & Kroll, 2017), and manage and coordinate international operations effectively, resulting in superior firm performance (Carpenter et al., 2001; Daily et al., 2000) and even corporate social performance (Slater & Dixon-Fowler, 2009).

The resource based and capability perspectives may allow us to better predict when such backgrounds can be translated into competitive advantage of the firm. Traditional resources such as natural resources or technology are easy to imitate. A resource can be strategic when it meets certain criteria. It is valuable by reducing costs or increasing value to internal and external stakeholders, rare that competitors do not use the same resource to compete away the value, and difficult to imitate or substitute, which keeps competitors from gaining parity (Barney, 1991). Strategic resources identified in the literature include reputation (Boyd, Bergh, & Ketchen, 2010), patents, and unique knowledge (Barney & Arikan, 2001), skills and behaviour of employees advantage (Wright et al., 2001).

In recent years, the focus of strategic resource has been devoted to the role of experience (Barney, 1992). Experience often enables individuals or firms to accumulate new assets in so-called knowing-how, that is, in the skills, expertise, tacit and explicit knowledge (Inkson & Arthur, 2001). International experience may also be one of the 'strategic resources', which provides individuals with global skills that are not easily developed (Daily et al., 2000). International experience may also be inimitable due to its unique historical conditions that make it difficult for competitors to obtain the same resources (Barney, 1991). Furthermore, such experiences of high ranking officers in the organisation can contribute to increasing in the value and overall performance directly (Daily et al., 2000). In particular, organisational embeddedness might be central to the success of international experiences (Shen & Hall, 2009). It can be described as "a net or a web in which an individual can become stuck." (Mitchell, Holtom, Lee, Sablynski, & Erez, 2001: 1104). Strongly embedded employees fit well in their jobs. They can apply their experience and skills for enhancing performance (Andresen, 2015). Moreover, they have a number of connections to other employees, allowing them to obtain resources such as managerial/ technical knowledge and information through social ties within the organisation and to perform their tasks effectively (Sekiguchi, Burton, & Sablynski, 2008).

Empirical research consistently finds a positive relationship between the depth and breadth of employees' international experience and firm financial performance, although the focus is usually on the TMT in corporate HQ (Carpenter et al., 2001; Daily et al., 2000). It may be that a subsidiary manager's scarce and valuable international experience may be directly related to the performance of the subsidiary-unit. Hence, it seems imperative for MNEs to attract, select, develop, and retain managers with international experience that can work effectively outside of their own national borders (Caligiuri, 2000).

As international experience is a complex and multi-dimensional concept (Le & Kroll, 2017; Takeuchi et al., 2005), simplistic measures such as time spent working abroad or the number of international assignments cannot fully capture the nature of international experience (Dragoni et al., 2014; Godart et al., 2015; Le & Kroll, 2017). The literature on managers with more numerous international assignments, or as they have been called, global careerists (Näsholm, 2012), serial expatriates (Bozkurt & Mohr, 2011), repeat expatriates (Näsholm, 2014) or the highly mobile (Forster, 2000) may not capture the full range of experience. In addition to the work experiences researched to date, various other types of international experience (e.g., study, cross-national development opportunities, travel, residence in childhood or youth) may also be important, though, despite their benefits (Takeuchi et al., 2005) they have not been given much attention by researchers (Tarique & Takeuchi, 2008).

In sum, a subsidiary manager could develop distinctive worldviews (Carpenter et al., 2001), and the ability to process complex and dynamic information, international knowledge and general competencies (Le & Kroll, 2017) through various international experiences. These valuable and scarce experiences might link to subsidiary performance (Carpenter et al., 2001; Daily et al., 2000). I therefore hypothesise:

> ***Hypothesis 1a:*** *The number of types of different international experience a subsidiary-unit manager has previously had in the MNE home or host country is positively associated with their subsidiary-unit performance*

The impact of international experience on subsidiary performance can to some degree be determined by time and that is a neglected issue in IHRM (Hippler et al., 2015). It takes time for a manager to understand and learn from a new culture (Maddux & Galinsky, 2009), it is a gradual process, in which "individuals experience concrete stimuli, reflect on them, conceptualise new knowledge and behaviours, and experiment with the new knowledge and behaviours" (Kolb, 1984: 21). The longer the managers live in a foreign country, the greater the number of stimuli they experience and the greater the knowledge they can acquire (Godart et al., 2015; Haslberger et al., 2014).

The duration of international experience is important for both work and non-work experiences. Longer international work experience might increase opportunities for subsidiary managers to learn appropriate strategic thinking skills (Dragoni et al., 2014), and develop other management skills and abilities to interact across cultural differences (Ng, van Dyne, & Ang, 2009). The same applies to non-work international experience (Takeuchi et al., 2005; Tarique & Takeuchi, 2008). I therefore hypothesise:

Hypothesis 1b: *The length of a subsidiary-unit manager's prior work and non-work experience in the MNE home or host country is positively associated with their subsidiary-unit performance*

6.4. Mediating Role of Dual Advice Networks on the Relationship between International Experience and Subsidiary-Unit Performance

In attempts to grow and succeed in the global marketplace, the ability to leverage social and business networks has become increasingly imperative (Eberhard & Craig, 2013). Networks are particularly important for subsidiaries, which face dual embeddedness (Narula, 2014) and have to compete for resource allocation within the organisation (Chen et al., 2012). Studies have linked networks to subsidiary performance in MNEs (Au & Fukuda, 2002; Johnson et al., 2002).

Consistent with the resource based view, networks can be viewed as a form of relational capital, and have been documented as a major source of competitive advantage of the firm (Kogut, 2000). Among various types of MNEs' resources, relational resources have gained particular attention from management scholars. These "resources gained through relationships" both inside and outside firm (Morgan & Hunt, 1999: 281) help build trust, and collaboration between the firm and its partners (Kaira, Wong, Asaari, & Lai, 2015). Resources based on these relationships are difficult for the firm's competitors to imitate, and thus lead to competitive advantage and superior performance of the firm (Morgan & Hunt, 1999).

Managers in subsidiary units may serve as the main source of knowledge and social networks for leveraging the business (Hyun et al., 2014). A subsidiary manager's international experience may help develop the network of contacts around world (Cerdin & Pargneux, 2009). Interpersonal interactions such as cross-border teams or expatriate/ repatriate interactions are the most important channel through which managers seek information and share knowledge (Mäkelä & Brewster, 2009) and can be useful for managers to perform their work effectively (Cross et al., 2001). A subsidiary manager might build high levels of personal social network within the MNE by having frequent, multiple, and longer-tenured contacts with HQ (Björkman et al., 2004; Kostova & Roth, 2003). Such contacts may provide information, resource, and knowledge from managers or executives in other firms, government officers, suppliers, and customers and enhance an understanding of how to influence organisational decision-making processes (Kotabe et al., 2011; Peng & Luo, 2000). There may be extensive firm performance outcomes (Peng & Luo, 2000), though the relationship has yet to be firmly established empirically.

MNE subsidiaries retain internal MNE networks as well as external relationship (Bouquet & Birkinshaw, 2008). The strong relationship with HQ may enhance an understanding of how to influence organizational decision-making processes for future corporate business strategy on behalf of a subsidiary (Kostova & Roth, 2003; Björkman, Barner-Rasmussen, & Li, 2004). A subsidiary can obtain new opportunities with alternative perspectives in the local environment through interacting frequently with managers at other companies in the country (McDonald et al., 2008). But, it has been argued that association between internal and external networks is a trade-off (Ciabuschi et al., 2014). The more a subsidiary is embedded with internal MNE network, the less a subsidiary engages in external relationships, and vice versa (Kostova & Zaheer, 1999). To deal with dual embeddedness both high internal and external embeddedness is crucial for subsidiaries performance and survival.

For this reason, I conceptualise 'dual advice network' as a bundle of social networks that can be built by combining networks in HQ and those in host countries to access both HQ and local sources of information, resources and knowledge. Dual advice networks allow subsidiary managers to maintain contacts with individuals in HQ and the host country (Borgatti & Cross, 2003). Most studies of internal MNE networks have focused on traditional expatriation between HQ and subsidiaries (Bozkurt & Mohr, 2011). We know too that managers' interactions with external entities generate information, resource, and knowledge about other firms, government officers, suppliers, and customers (Kotabe et al., 2011; Peng & Luo, 2000).

While there are a number of network measures available, size, strength and benefits were selected as key variables, based on the idea that an individual's position in network relationships affects quantity and quality of the information and knowledge that they can access (Nerkar & Paruchuri, 2005). First, larger networks contain more capacity for information than smaller networks (Burt, 1982) and provide access to different resources (Liao & Welsch, 2005). Increasing the number of direct relationships in a network increases the amount of information, ideas, and resources in it (McFadyen & Cannella, 2004). For example, information and advice about buyers, consumers, competitors, pricing, and promotions allows sales managers to evaluate the possibility of business success (Dyer & Ross, 2008). On the other hand, another stream of research on size of network suggests that cultivating networks of increasing size has not only benefits but also costs (Mehra, Kilduff, & Brass, 2001; Zhou, Shin, Brass, Choi, & Zhang, 2009), as relationships require time, energy, and attention to maintain. Hence, there might be an optimal number of ties, not a maximum number of ties, result in an inverted U-shaped function (McFadyen & Cannella, 2004).

However, I subscribe to the viewpoint that large advice networks in subsidiaries with managers who have greater and longer international experience may lead to better subsidiary performance. Thus, large subsidiary-unit managers' dual advice networks are expected to provide more information (Collins & Clark, 2003), and offer opportunities to look at problems from different perspectives (Tortoriello & Krackhardt, 2010). On the basis of this literature, I hypothesise the following:

Hypothesis 2a: *Size of dual advice networks mediates the relationship between the number of types of international experience a subsidiary manager has previously had in the MNE home or host country and their subsidiary-unit performance*

Hypothesis 2b: *Size of dual advice network mediates the relationship between the length of a subsidiary-unit manager's experience in the MNE home or host country and their subsidiary-unit performance*

The strength of a tie is a function of frequency of contact, reciprocity, emotional intensity, and friendship (Granovetter, 1973). Strong ties are those with frequent contacts involving affective and friendship overtone characteristics (Nelson, 1989). Strong ties can have influence on helping others (Nelson & Mathews, 1991), conflict reduction, cooperation, conflict prevention (Krackhardt & Stern, 1988), and the exchange of rich information (Nerkar & Paruchuri, 2005) seeking useful information for individuals to resolve their encountered business problems (Nebus, 2006). On the other hand, Granovetter (1973) claimed that novel information may be acquired by weak ties characterised by infrequent interaction and low intimacy as they enlarge the gap between what an information seeker already knows and what others know. Granovetter (1973) found that weak ties were more likely than strong ties to have been the source of information about job openings.

When entities are closely connected, they are motivated to exchange ideas and share resources (Tsai, 2001). This relationship creates synergistic benefits, such as complementary knowledge (Sparrowe et al., 2001) or new knowledge developed to advance their competencies (Gupta & Govindarajan, 2000). A stronger network tie implies that even though subsidiaries are located in a different country from the parent country, they are closely related to stakeholders through cooperation (Tsai, 2001). An established connection that encourages frequent and open communications among the subsidiaries can help overcome linguistic and cultural barriers (Luo & Shenkar, 2006). Strong ties allow subsidiary managers to seek advice about the subsidiary's future business strategy, parent firm's current strategy, effective subsidiary's resource allocation, and managerial know-how:

> ***Hypothesis 2c:*** *Strength of dual advice networks mediates the relationship between the number of types of international experience a subsidiary manager has previously had and their subsidiary-unit performance*
>
> ***Hypothesis 2d:*** *Strength of dual advice networks mediates the relationship between the length of a subsidiary-unit manager's experience in the foreign subsidiary and their subsidiary-unit performance*

Size and strength are not the sufficient condition for measuring advice networks. Although an individual has lots of contact points, and communicates with others in the network frequently, quality of information or knowledge is likely to be poor. Social capital can be transformed to gain access to information and numerous resources. Thus, social capital embedded in networks can provide several benefits, such as timely access to information, successful resource allocation across business units, and availability of financial, material and labour resources (Khayesi & George, 2011; Siebert, Kramer, & Linden, 2001). For example, a subsidiary-unit manager's external social capital built by prior international experience might help build trust with suppliers and customers, and increase collaboration and integration across external organisations.

There may be five kinds of informational benefits when managers consult others (Cross et al., 2001): generating solutions, meta-knowledge (general guidance or referrals), problem reformulation, validation of solutions, and legitimation. An individual may acquires information from other people that they use to generate solutions to problems. Meta-knowledge such as general guidance or referrals may lead individuals to obtain useful information which increases their efficiency in responding to any problems. A fertile source may be able to enable subsidiary manager to redefine important dimensions of problems. An interaction may be helpful to validate an individual's solution or plan, and it may also encourage the individual's own thinking. In this context, advice-seeking from people such as experts or senior members of the organisation, who tend to carry legitimacy or have novel information (Morrison & Vancouver, 2000) enables access to better sources of certain types of information (Ostroff & Kozlowski, 1992). A subsidiary manager with diverse and long international experience in the home or host country can enhance the unit performance through these mechanisms:

Hypothesis 2e: *Benefits of dual advice networks mediate the relationship between the number of types of international experience a subsidiary manager has previously had and their subsidiary-unit performance*

Hypothesis 2f: *Benefits of dual advice networks mediate the relationship between the length of a subsidiary-unit manager's experience in the foreign subsidiary and their subsidiary-unit performance*

In this section, the impacts of international experience on subsidiary-unit performance, and the potential mediating effects on this relationship are examined. I describe why a subsidiary-unit manager's international experience and their advice-seeking networks may be important for their unit performance. Next, I present the research methodology, including the sample, procedures measurement, and analytic strategy, which helps to address the following research questions: “Whether and why is international experience important for addressing subsidiary-unit performance in MNEs? Why does the degree of access to advice-seeking networks at HQ and subsidiaries matter in explaining the relationship between international experience and subsidiary-unit performance?”

6.5. Methodology

In this section of the paper we explain the study's sample, the measurements, the control variables, and the analytical procedures of the study.

6.5.1. Sample and Procedures

The analysis is based on a sample of subsidiary-unit manager of South Korean MNEs. Many South Korean MNEs are globally competitive players in their respective industry sectors (Kim & Tung, 2013). They are less studied than MNEs from the USA, Europe and Japan, but are good cases for studying international HRM practices including subsidiary staffing due to their significant presence across the world (Chung et al., 2014).

The study included two phases of data collection. First, semi-structured interviews with ten subsidiary managers at one company were conducted to validate and refine measures and to help us identify constructs and relationship. Second, I conducted a survey with managers in subsidiaries of 15 South Korean MNEs across eight industries such as computer and electronics, machinery, metal. IT services, construction, services, finance and insurance, and beverage. Eleven of them are operating in manufacturing industries. I selected the companies based on (1) their international presence, (2) leading positions in their respective industries, and (3) accessibility. The ratios of international revenue to total revenue range from 130 to 178,217million US dollar. 13 firms among the Korean MNEs ranked on the 2016 Fortune 500 list. The total number of employees of the firms range from 282 to 392,305 with a mean of 34,932. In total, I collected data from managers in 78 subsidiaries.

Initially I asked HRM executive or managers at each firm to send my survey questionnaires to their subsidiary-unit managers. But, the response rate was 8% due to the confidentiality issue. So, most of the data was collected through on-site visits. I visited China, Vietnam, Thailand, Singapore, Hungary, and Slovakia from December 2016 to April 2018. Eventually, I collected data from 238 subsidiary-unit managers. The respondents include 170 PCNs (71.4%) and 68 HCNs (28.6%). Among PCNs, 150 (88.2%) managers are PCNs with host country experience. Among HCNs, 52 (76.5%) managers are HCNs with MNE home country experience. Non-Korean respondents include managers from China (17.2%), Thailand (5.9%), Vietnam (1.7%), Germany (1.3%), Hungary (0.8%), Singapore (0.8%), India (0.8%), the USA (0.4%), Malaysia (0.4%), Slovakia (0.4%), and UK (0.4%).

The Korean version of the questionnaire was used for PCNs and the English version was used for non-Korean respondents. The English questionnaire was appropriately translated and back-translated (Brislin, 1976; Brislin, Lonner, & Thorndike, 1973; Matsumoto & van de Vijver, 2010).

6.5.2. Measurement

The extent of international experiences. There is no consensus the length of potentially meaningful international experience. It has been measured in various ways: months of experience (Dragoni et al., 2014; Takeuchi et al., 2005); or experiences lasting more than a year (Georakakis, Dauth, & Ruigrok, 2016; Hamori & Koyuncu, 2011; Le & Kroll, 2007; Schmid & Wurster, 2017). Some do not define their measures (Moon et al., 2012; Takeuchi et al., 2005). For this study, the extent of international experiences was measured by counting the number of work and non-work (e.g., a bachelor's degree or higher study, cross-cultural or language training, a regional specialist program, travel or living at childhood) experiences spent in foreign countries lasting more than one month to capture all the potentially meaningful experiences. As I aimed at measuring more relevant international experiences of subsidiary managers in relation to their dual advice networks across HQ and a host country, rather than measuring their 'general' foreign experiences, I counted international experience carefully, depending on a nationality type of a subsidiary-unit manager: considered MNE home country experiences as international experiences for HCN subsidiary managers and host country experiences for PCN subsidiary managers. I excluded the cases of TCN subsidiary managers as there are only five TCN managers in my sample.

The duration of international experience was measured by summing years of prior international experience (Georakakis et al., 2016; Hamori & Koyuncu, 2011; Le & Kroll, 2017; Schmid & Wurster, 2017) including work or non-work in foreign countries.

The size of advice networks is defined as the total number of contacts an individual currently has (Semrau & Werner, 2014). Each subsidiary-unit manager was asked to indicate the total number of contacts including (1) managers in the subsidiary they currently work in; (2) external parties in the host country (e.g., government officers, suppliers, customers, vendors, and experts in other companies, including MNEs); (3) managers in corporate HQ; and (4) managers in peer subsidiaries of the company.

The strength of advice networks was measured by asking each subsidiary-unit manager questions for each of their contacts drawn from McDonald et al (2008): How often during the previous twelve months did you seek advice with regard to the subsidiary's future business strategy, the parent firm's current strategy, the effective of the subsidiary's resource allocation, and managerial know-how? Answer categories were (1) never, (2) less than once a month, (3) 1~3 times a month, (4) 1~3 times a week, (5) daily.

The benefits of advice networks were measured through the benefit factors suggested by Cross and colleagues (2001): I excluded 'meta-knowledge' which my respondents didn't intuitively understand and used the remaining four items – benefits in generating solutions, problem reformulation, validation of solutions, and legitimation. Answer categories were (1) = not at all, (2) = little, (3) = average, (4) = much, (5) = very much

For our dependent variable, I used the *subsidiary-unit performance* as measured by the ratio of goal achievement (Dowling et al., 2008). I asked respondents to answer actual data in their performance management system to avoid common method bias.

As control variables I used:

- *Individual characteristics,* including whether the managers were PCNs, HCNs, or TCNs (dummy variables), job functions (staff, sales/ marketing, production, and R&D: dummy variables), total tenure in entire career (1 = less than 1 year, 2 = 1~5 years, 3 = 6~10 years, 4 = 11~15 years, 5 = more than 16 years), job grade (1 = Manager, 2 = Senior Manager, 3 = Director, 4 = Executive), gender (male = 1, female = 0), and age (1 = below 25, 2 = 26~30, 3 = 31~35, 4 = 36~40, 5 = 41~45, 6 = 46~50, 7 = 51~55, 8 = over 56).

- *Subsidiary characteristics* including age, operationalized as the natural logarithm; and size as the logarithm of the total number of subsidiary employees (Delios & Björkman, 2000; Peng & Beamish, 2014). I also included transnational context of a subsidiary as a control variable, as a subsidiary manager may have more opportunities to build dual advice network across HQ and the subsidiary when the subsidiary is in the transnational strategic context, which requires both global integration and local responsiveness. To measure the transnational context of a subsidiary, respondents were asked to rate the degree of global integration on two five-point Likert scale items: (1) The foreign parent has centralised many functions such as R&D, finance and procurement; (2) The foreign parent has to a high extent standardised products and services worldwide. The degree of local responsiveness was measured with another two items: (3) My firm conducts many major functions locally; (4) My firm has adopted its products and services to a high degree to the local context. I took the average of items 1 and 2 as a measure using a dummy ‘integrated’, to distinguish high (>4.0) and low (<=4.0). Likewise, I constructed ‘local’ as a dummy from item 3 and 4. I then defined the dummies for transnational strategic context as follows: 1 for transnational strategic context (if local = high and integrated = high); 0 for other strategic contexts such as multi-domestic (if local=high and integrated=low) and global strategic context (if local=low and integrated=high) (Meyer & Su, 2015).

- For *host country characteristics* I included as a control *GDP of the host country which* was measured as the logarithm of GDP in 2016 (World Bank, 2016). GDP might allow firms to capture market growth opportunities or larger market merits (Delios, Xu, & Beamish, 2008). In case of no official data from UNESCO, other sources were used to estimate total number of graduates (i.e., Trade Economics Media for Taiwan).
- *Parent firm characteristics* measured *Size*, by the logarithm of revenue and the number of employee in 2016 (Harzing, 2001b). Then I calculated the average of two variables; *Industry,* measured by creating a series of dummy codes (Kobrin, 1991), 1 = Manufacturing-Computer and electronics, 2 = Manufacturing-Machinery, 0 = Others (Metal, Information technology, Construction, Services, Finance and Insurance, Beverage).

- Subsidiaries perform better in larger and culturally close host countries (Gaur et al., 2007). Cultural distance (Dragoni et al., 2014; Harzing, 2001b; Le & Kroll, 2017) was measured following the procedure developed by Kogut and Singh (1988), using the original four cultural dimension scores (uncertainty avoidance, individualism, masculinity, and power distance) developed by Hofstede (www.geert-hofstede.com). The formula is as follows.

$$\mathrm{CD}j = \sum_{i=1}^{4} \left\{ \frac{(I_{ij} - I_{iu)})2}{Vi} \right\} /4$$

6.5.3. Analytic Approach

The study's hypotheses are based on the belief that subsidiary-unit managers' internal and external advice networks mediate the international experience and their subsidiary-unit performance relationship. To test our hypotheses, I created 'dual advice networks' as a mediating variable operationally, and checking for common method bias. I used SEM: "a statistical methodology that takes a confirmatory approach to the analysis of a structural theory bearing on some phenomenon" (Byrne, 2016: 3), by estimating a series of separate but interdependent multiple regression equations at the same time (Hair et al., 2006). SEM is suitable for our study as it uses multiple variables to test relationships between international experience, dual advice networks, subsidiary-unit performance, and to add various control variables into SEM.

A new dependent variable, 'dual advice networks' was created using two factors: One is a subsidiary-unit manager's advice network with managers in corporate HQ; the other is a subsidiary-unit manager's advice network with local stakeholders, including managers in the subsidiary and managers in local organisations. Based on the two factors and informed by a recent study (Choi & Contractor, 2016), cluster analysis was conducted in order to classify my sample cases according to the degrees of dual advice networks in terms of the three dimensions of the network (size, strength, and benefits). For example, for benefits of advice network, the cluster analysis classified my sample into four groups: subsidiary-unit managers with high local and high HQ advice networks (coded as 4); those with medium local and high HQ advice networks (coded as 3); those with medium local and medium HQ advice networks (coded as 2); those with low local and low HQ advice networks (coded as 1) (Table 6-1).

[Table 6-1. Cluster Analysis: Dual Advice Networks with Local Countries and HQ]

Cluster	Size		Strength		Benefits	
	Type	No.	Type	No.	Type	No.
1	Extremely low local-extremely low HQ	65	Low local-medium HQ	46	High local-High HQ	84
2	Slightly high local-extremely high HQ	20	High local-high HQ	114	Medium local-medium HQ	39
3	Medium local-medium HQ	40	Medium local-medium HQ	41	Low local-low HQ	15
4	Medium local-extremely low HQ	28	Low local-low HQ	25	Medium local-high HQ	88
5	Extremely high local-extremely high HQ	42	-	-	-	-
6	Slightly low local-slightly low HQ	43	-	-	-	-
Total		238		226		226

As the data for the research variables were obtained from the same source – subsidiary-unit managers - there is a possibility that common method variance (Podsakoff & Organ, 1986; Podsakoff et al., 2003) may have distorted the strengths of the relationships among research constructs. Several procedures were followed to reduce the risk of common method bias: (1) explicit statements on the nature of the research project and protection of respondent anonymity (Nancarrow et al., 2001; Podsakoff et al., 2003); (2) placing the dependent variables after the independent, mediating and moderating variables (William, Cote & Buckley, 1989); (3) several reverse-scored items were included in the principal constructs to reduce acquiescence problems (Lindell & Whitney, 2001; Podsakoff et al., 2003). In addition, a Harman's single-factor test was employed (Podsakoff & Organ, 1986) in which six variables were subjected to a principal component analysis with varimax rotation. Two components with eigenvalues greater than 1.0 were obtained. The factor analysis results reveal that two factors accounts for 56.7% of the total variance, while factor 1 only accounts for 33.7%. Therefore, a single factor does not emerge and factor 1 does not explain most of the variance. Based on these results, it seems that common method bias is unlikely to be a concern in the data.

In this section, data collection, detailed measurement of variables, and analytic approach are discussed. Next, I present the empirical results to test the study's hypotheses.

6.6. Results

The process of SEM consists of two steps: 1) validating the measurement model and 2) fitting the structure model. The measurement model validation is accomplished through confirmatory factor analysis (CFA) and provides the assessment of convergent and discriminant validity. The structure model fitting is accomplished primarily through path analyses and provides the assessment of predictive validity (Anderson & Gerbing, 1988).

Initially, CFA was used to evaluate the measurement model for size, strength, and benefits of dual advice networks. For each dual advice networks, two items are considered: advice network with HQ and advice network in the host country (Table 6-2). The extent and duration of international experience are excluded as they are calculated by summing actual numbers or years of work, study, cross-national development opportunities, travel, and residence experience. CFA tests hypotheses about the relationships among observed variables on the basis of the hypothetical constructs they are purported to measure, thus providing a superior evaluation of construct validity (Kline, 2005). The CFA analysis is shown in Table 6-2. Individual item reliability is considered adequate when an item has a factor loading that is greater than 0.70. The standardised factor loadings of the items range from 0.76 to 0.95, and each indicator t-value exceeds 10, thus satisfying the criteria (Hair et al., 2006). All Cronbach's alpha coefficients are over 0.70, indicating a high level of internal consistency in the responses (Nunnally & Bernstein, 1994).

Both convergent validity and discriminant validity were examined. The average variance extracted (AVE, Fornell & Larcker, 1981) and standardised factor loading (Ambos, Andersson, & Birkinshaw, 2010) can be used as an indicator of convergent validity. AVE values should be greater than 0.50, which indicates that 50% of the variance is explained by different reflective items. Size, strength, and benefits of dual advice networks are 0.80, 0.91, and 0.93 respectively. Convergent validity is also demonstrated by the large and significant standardised factor loadings of each item on its intended construct. The item is highly significant in terms of t-value. Construct reliability (CR) should be more than 0.50. Size, strength, and benefits of dual advice networks are 0.89, 0.95, and 0.96 respectively.

Discriminant validity indicates the extent to which a given construct differs from other constructs. To assess discriminant validity, the AVE values were considered. For discriminant variable, the variance-extracted percentages for any two constructs are greater than the square of the correlation estimate between these two constructs (Fornell & Larcker, 1981). In this study, highest correlation among latent variables is 0.76 (size of dual advice networks and strength of dual advice network, and square of 0.76 is 0.57). AVE of two latent variables (0.80 and 0.91) is greater than 0.57 (Table 6-2).

[Table 6-2. Confirmation Factor Analysis and Reliability Test]

Construct and Indicators	Factor loadings	SE	t-value	AVE	CR	Cronbach's alpha
Size of dual advice networks			17.17	0.80	0.89	0.91
Size of advice network with HQ	0.95	0.40				
Size of advice network with local	0.89	0.41				
Strength of dual advice networks			9.96	0.91	0.95	0.72
Strength of advice network with HQ	0.76	0.05				
Strength of advice network with local	0.76	0.04				
Benefits of dual advice networks			12.10	0.93	0.96	0.84
Benefits of advice network with HQ	0.86	0.05				
Benefits of advice network with local	0.86	0.04				

Correlation statistics, including means and standard deviations is provided in Table 6-3. These results provide the first interesting insights into the international experience of subsidiary-unit managers and advice network in our sample. For example, the mean score of the extent of international experience was 2.49, and duration of international experience was 1.57 years. The mean score of the ratio of goal achievement is 91.58%.

[Table 6-3. Means, Standard Deviations, and Correlations]

Variables	Mean	SD	1	2	3	4	5	6	7	8	9	10	11
1. Nationality (PCNs)	0.68	0.47	1.00										
2. Nationality (HCNs)	0.17	0.38	-0.67**	1.00									
3. Job function (Staff)	0.36	0.48	-0.05	0.08	1.00								
4. Job function (Sales & Marketing)	0.15	0.36	0.08	-0.10	-0.31**	1.00							
5. Job function (Production)	0.38	0.49	0.06	-0.02	-0.59**	-0.33**	1.00						
6. Tenure	4.62	0.59	-0.04	0.01	-0.01	-0.06	0.08	1.00					
7. Job grade	2.26	0.76	0.06	-0.16*	0.03	0.03	-0.05	0.56**	1.00				
8. Gender	1.08	0.27	-0.38**	0.25**	0.09	-0.03	-0.03	-0.09	-0.04	1.00			
9. Age	5.21	0.87	0.18**	-0.22**	0.04	-0.05	0.08	0.57**	0.68**	-0.09	1.00		
10. Subsidiary age	4.70	0.83	-0.16*	-0.10	0.04	0.14*	-0.23**	0.07	0.19**	0.06	0.09	1.00	
11. Total number of subsidiary employee	7.65	2.31	0.19**	-0.13	-0.02	-0.48**	0.39**	0.08	-0.11	-0.13*	-0.02	-0.28**	1.00
12. Subsidiary's ownership structure	4.62	0.86	0.34**	-0.26**	-0.05	0.13*	-0.05	-0.06	-0.09	-0.24**	-0.09	-0.25**	0.03
13. Transnational strategic context of a subsidiary	0.13	0.33	0.10	-0.14*	0.03	-0.02	-0.04	-0.12	-0.13*	-0.01	-0.09	0.06	0.07
14. GDP of host country	14.21	1.89	-0.21**	0.46**	0.00	0.14*	-0.14*	0.08	0.14*	0.08	0.05	0.13*	-0.51**
15. Parent firm's size	11.99	1.84	0.07	-0.13*	-0.13*	-0.16*	0.26**	0.03	-0.10	0.03	-0.12	-0.11	0.57**
16. Industry (Computer & electronics)	0.53	0.50	0.09	-0.15*	-0.13*	-0.20**	0.28**	-0.04	-0.08	0.05	-0.14*	-0.15*	0.56**
17. Industry (Machinery)	0.41	0.49	-0.14*	0.16*	0.07	0.14*	-0.18**	0.15*	0.10	-0.05	0.17**	0.14*	-0.40**
18. Cultural distance	2.59	0.90	-0.04	0.20**	-0.03	0.13*	-0.06	-0.01	0.10	-0.05	0.00	0.08	-0.34**
19. Extent of international experience	2.49	0.90	0.16*	-0.23**	-0.08	0.12	0.05	0.00	0.10	0.04	0.04	-0.09	0.06
20. The duration of international experience	1.57	2.81	-0.14*	0.00	-0.02	0.03	0.07	0.07	0.05	0.05	0.06	-0.12	-0.06
21. Size of dual advice network	2.95	1.57	-0.04	-0.11	0.10	-0.03	0.01	-0.13*	-0.05	0.12	-0.03	-0.04	0.20**
22. Strength of dual advice network	3.08	1.07	-0.06	0.00	-0.09	-0.09	0.19**	-0.13	-0.04	0.09	-0.07	-0.16*	0.22**
23. Benefits of dual advice network	3.07	0.90	-0.17*	0.10	-0.01	-0.03	0.12	-0.08	-0.02	0.20**	-0.08	-0.17*	0.11
24. Subsidiary-unit performance	91.58	18.04	0.03	-0.01	-0.16*	0.08	0.11	0.07	0.16*	0.02	0.09	-0.22**	0.15*

Variables	12	13	14	15	16	17	18	19	20	21	22	23	24
1. Nationality (PCNs)													
2. Nationality (HCNs)													
3. Job function (Staff)													
4. Job function (Sales & Marketing)													
5. Job function (Production)													
6. Tenure													
7. Job grade													
8. Gender													
9. Age													
10. Subsidiary age													
11. Total number of subsidiary employee													
12. Subsidiary's ownership structure	1.00												
13. Transnational strategic context of a subsidiary	-0.02	1.00											
14. GDP of host country	-0.07	-0.14*	1.00										
15. Parent firm's size	-0.05	0.03	-0.38**	1.00									
16. Industry (Computer & electronics)	0.00	0.06	-0.37**	0.92**	1.00								
17. Industry (Machinery)	-0.02	-0.06	0.34**	-0.74**	-0.88**	1.00							
18. Cultural distance	0.07	-0.03	0.56**	-0.09	-0.06	0.03	1.00						
19. Extent of international experience	0.10	-0.04	-0.18**	0.11	0.19**	-0.24**	-0.06	1.00					
20. The duration of international experience	-0.12	-0.04	-0.01	0.05	0.03	-0.03	0.13*	0.19**	1.00				
21. Size of dual advice network	-0.06	0.15*	-0.21**	0.19**	0.26**	-0.23**	-0.06	0.25**	0.26**	1.00			
22. Strength of dual advice network	-0.05	0.11	-0.20**	0.06	0.10	-0.04	-0.16*	0.08	0.17*	0.46**	1.00		
23. Benefits of dual advice network	-0.10	0.03	-0.06	0.14*	0.17*	-0.14*	-0.02	0.06	0.16*	0.53**	0.47**	1.00	
24. Subsidiary-unit performance	0.01	-0.08	-0.05	0.08	0.13*	-0.15*	-0.09	0.30**	0.08	0.19**	0.08	0.12	1.00

N=238, Nationality variables are categorised into 1) PCNs, Job function variables are categorised into 1) Staff, 2) Sales, 3) Production, Transnational strategic context of a subsidiary variables are categorised into 1) Transnational (High GI-LR), Industry is categorised into: 1) Computer & Electronics, 2) Machinery
* p<0.05, ** p<0.01

All the analyses were conducted with the robust maximum likelihood estimation method (MLR) using the computer software AMOS 24. With MLR, the standard errors of the parameter estimates as well as the tests of fit were corrected and were robust in relation to the non-normality of observations (Yuan & Schuster, 2013). Additionally, some control variables that do not affect international experience, dual advice networks, and subsidiary-unit performance were excluded.

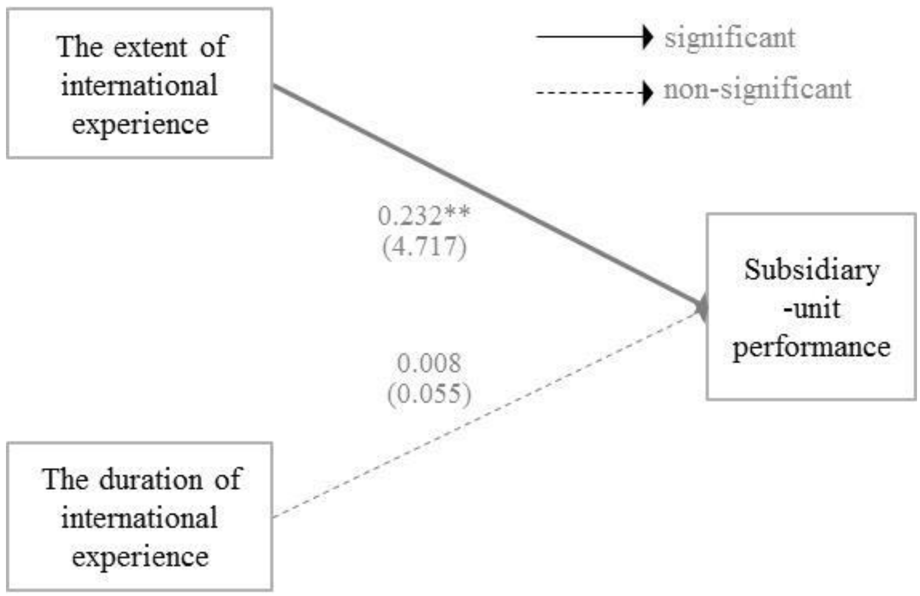
In addition, multiple goodness-of-fit indices were used in this study to assess how well the models fitted the data. These indices include the Chi-square value ($\chi 2$) statistic, the comparative fit index (CFI) (Bentler, 1990), the Tucker-Lewis index (TLI) (Tucker & Lewis, 1973), the root mean square error of approximation (RMSEA) (Bollen & Curran, 2006; Kline, 2005: 134), and the standardised root mean residual (SRMR). According to Hu and Bentler (1999), a cutoff value close to 0.95 or above for CFI and TLI, a cutoff value close to 0.080 or below for SRMR, and a cutoff value of 0.06 or below for RMSEA were primarily used to determine the adequacy of the model fit in the study.

Figure 6-1 shows the relationship between subsidiary-unit managers' international experience and their unit performance. The model has $\chi 2=31.68$ with 14 degrees of freedom, CFI = 0.99, TLI = 0.93, RMSEA = 0.07, and SPMR = 0.04. Most indices together suggest the model has a good fit.

I found a positive relationship between the previous number of international experiences and subsidiary-unit performance ($\beta = 0.23$, $p = 0.000$), strongly supporting Hypotheses 1a. However, there is no significant relationship between the duration of international experience and subsidiary-unit performance. This may indicates that one type of international experience for a long period time may be not important to enhance performance. Hypothesis 1b is rejected.

Some control variables are strongly related to subsidiary-unit performance such as sales/ marketing job function (β = 0.15, p = 0.035), subsidiary age (β = -0.192, p = 0.003), total number of subsidiary employee (β = 0.22, p = 0.017). In case of sales/ marketing job function, it is consistent with the findings that sales managers' formal and informal relations may have a positive impact on sales performance (Gonzalez et al., 2014). Interestingly, subsidiary age is negatively related to subsidiary-unit performance. One possible interpretation of this result is that HQ guarantees above-average performance ratings when a subsidiary is young for fairness of evaluation, but expects too much as the subsidiary ages increase.

[Figure 6-1. International Experience and Subsidiary-unit Performance]



Notes: Some control variables (Nationality-PCNs, nationality-HCNs, job grade, job function-sales & marketing, subsidiary age, total number of employees in the subsidiary, parent firm's size, cultural distance, and GDP of the host country) are included in the model
$\chi 2$ = 31.68 with 14 degrees of freedom, CFI = 0.99, TLI = 0.93, RMSEA = 0.07, and SPMR = 0.04, * p<0.05, ** p<0.01, ***p<0.001, two-tailed, coefficient (estimate)

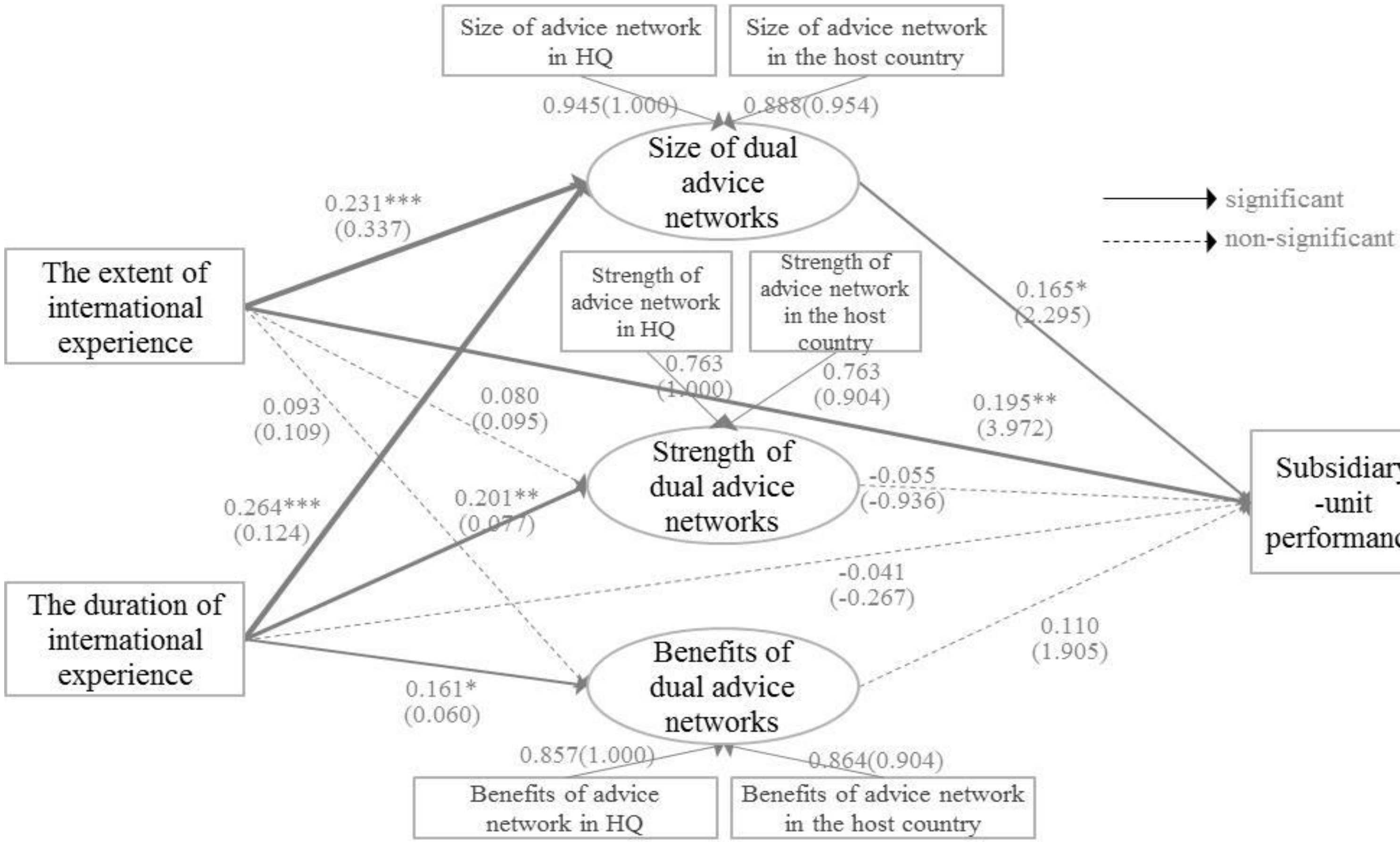
In order to test the mediating effects of dual advice networks on international experience-subsidiary unit performance relationship, bootstrapping was used. Typically, mediation analyses use the Sobel test (Sobel, 1986), which is commonly recommended for formal tests of mediation in multiple linear regressions. Given the fact that the distribution of products is positively skewed, the symmetric confidence interval based on the assumption of normality will typically yield underpowered tests of mediation (Preacher & Hayes, 2004). One possible solution is to rely on bootstrapping a nonparametric resampling of subsets of data from a given data set that does not impose any assumption of normality on the sampling distribution (Preacher & Hayes, 2008; Shrout & Bolger, 2002). Therefore, we have multiplied the path coefficients for 5,000 bootstrapping samples and a confidence interval of 95% was established for mediators.

Structural equation model in Figure 6-2 is developed to test the mediating effect of size of dual advice networks between the duration of international experience and subsidiary-unit performance. The model has $\chi 2 = 45.20$ with 20 degrees of freedom, CFI = 0.98, TLI = 0.91, RMSEA = 0.07, and SPMR = 0.04. Most indices together suggest the model has a good fit.

The results indicate that the extent of international experience has a positive indirect effect on subsidiary-unit performance (total indirect effects = 0.54, p = 0.003, size = 0.34, strength = 0.10, benefits = 0.10). But only the effect of the size of dual advice networks on subsidiary-unit performance is significant ($\beta = 0.17$. p = 0.039), and the effect of the extent of international experience on subsidiary-unit performance is positively significant. Thus I can conclude that only the size of dual advice networks partially mediate the relationship between the extent of international experience and subsidiary-unit performance, which supports Hypothesis 2a, but rejects Hypotheses 2c, 2e.

The duration of international experience has an indirect positive and significant effect on subsidiary-unit performance (total indirect effects = 0.26, $p = 0.002$, size = 0.12, strength = 0.08, benefits = 0.06). But only the effect of the size of dual advice networks on subsidiary-unit performance is significant ($\beta = 0.17$. $p = 0.039$) among those, and the effect of duration of international experience on subsidiary-unit performance is not significant. Thus I can conclude the size of dual advice networks completely mediates the relationship between the duration of international experience and subsidiary-unit performance, which supports Hypothesis 2b, but rejects 2d, 2f.

[Figure 6-2. Mediating Effect of Dual Advice Networks between International Experience and Subsidiary-unit Performance]



Notes: Some control variables (Nationality-PCNs, nationality-HCNs, job grade, job function-sales & marketing, subsidiary age, total number of employees in the subsidiary, parent firm's size, cultural distance, and GDP of the host country) are included in the model, $\chi 2$ = 45.20 with 20 degrees of freedom, CFI = 0.98, TLI = 0.91, RMSEA = 0.07, and SPMR = 0.04, * p<0.05, ** p<0.01, ***p<0.001, two-tailed, coefficient (estimate)

6.7. Discussion and Conclusion

This study aims to explore how the extent and duration of prior international experience of subsidiary-unit managers are relate to their dual advice networks with managers both corporate HQ and the host country, and their unit-performance in a subsidiary.

First, this research provides new evidence regarding the importance of international experience and dual advice networks for dealing with the dual embeddedness of subsidiaries and enhancing business and functional units' performance. The results of the study reveal that international experience is directly important for enhancing subsidiary-unit performance. Specifically, the extent of international experience, rather than its duration, is closely related to subsidiary-unit performance (Hypothesis 1a). This implies that a variety of a subsidiary-unit manager's international experiences in other countries is more valuable than one long stay.

Second, the extent of subsidiary-unit managers' international experience affects subsidiary-unit performance directly, partially mediated by the size of dual advice networks (Hypothesis 2a), though not its strength or benefits. The size of dual advice networks completely mediates the relationship between the duration of international experience and subsidiary-unit performance (Hypothesis 2b), but again not strength or benefits. This implies that when a subsidiary unit manager has more international experiences - in terms of the extent and duration - in both the MNE's home and host country, the subsidiary-unit shows better performance, due to the size of the manager's dual advice networks across HQ and local parties. As Hypothesis 2b was supported, this raises questions about findings by previous research of the positive impact of the duration of international experience on social capital (Bozkurt & Mohr, 2011; Mäkelä & Suutari, 2009).

Although a small number of studies argue that the strength of interpersonal relations is more important than the number of relations for knowledge creation (McFadyen & Cannella, 2004) and joint effect of optimal size and weak strength has positive impact on creativity (Baer, 2010), it may be that gaining information and knowledge from wider connections with advice-givers across HQ and local parties is more important than frequent contact with them for enhancing subsidiary-unit performance. Larger networks may contain more capacity for diverse and novel information than smaller networks (Burt, 1982). Gaining a satisfactory response from numerous advice-givers does not necessarily imply frequent contacting with any one person. In addition, these results are in line with the inconsistent results of empirical studies on the impact of tie strength proposed by Granovetter (1973). Granovetter (1973) argues that weak ties may be a more important resource than stronger ties. New information was more likely to be found via weak ties. Thus, subsidiary-unit managers may not acquire new information and knowledge to solve their issues through frequent existing contacts. These results are inconsistent with some previous research.

6.7.1. Theoretical Implications

This study contributes to the international experience, social network and performance in MNEs literature in five distinct ways. First, the study deepens our understanding of how various dimensions of previous international experience can have different and unique influences on their advice network. Notably, I show that prior work and non-work international experience in MNE home or host country of subsidiary managers are positively related to dual advice networks empirically.

Second, in order to address the international experience-subsidiary performance relationship, this study extends our understanding of the resource based view by applying the concept of strategic resources to the subsidiary-unit manager's level. There have been the two most prominent perspectives on the relationship between resource and performance: 1) Barney and Arikan (2001) and 2) Newbert (2007). Both perspectives argue that strategic resources matter, but they disagree in terms of how much such resources are important. Barney and Arikan (2001) conclude that strategic resources affect performance strongly through their qualitative assessment of the literature. On the other hand, Newbert (2007) insists that strategic resources only modestly affect performance overall based on semi-quantitative analysis of the previous studies. My finding supports the Barney and Arikin (2001)'s arguments, and reveals that the international experience is important for enhancing subsidiary-unit performance. A subsidiary-unit manager with international experience can be strategic resource when they are strongly embedded in the organisation currently work. Strongly embedded employees have many formal and informal links that are close together (Andresen, 2015). Individuals with a high level of bonding develop more sense of obligation in ties and have more difficulty leaving their organisation (Hom, Tsui, Wu, Lee, Zhang, Fu, & Li, 2009). A subsidiary-unit manager who fits in a subsidiary can construct networks with diverse set of stakeholders inside and outside the MNE that might open up new opportunities and give useful information for higher performance.

Third, I identified advice networks as a link between international experience and subsidiary performance. In this study, I focus on advice networks since they are among the most critical social networks for managers (Zhang et al., 2009). This helps expand our understanding of the mechanisms underlying the social capital-performance link. An important determinant of an employee's success at work is his or her access to job-related advice and organisational information (Seibert et al., 2001). From social network theory, researchers have emphasised the importance of networks to enhance organisational and financial performance (Peng & Luo, 2000). Thus, a subsidiary manager with better internal and external advice networks to might enhance subsidiary performance by dealing with the dual embeddedness of subsidiaries.

Fourth, previous studies of subsidiary staffing have mainly taken into account the external context through the use of cultural (Colakoglua & Caligiuri, 2008; Gong, 2003a) or institutional distance (Ando & Paik, 2013; Gaur et al., 2007) in explaining variations in the staffing-performance relationship. I extend this stream to include intra-MNE factors, such as accessibility to advice-seeking networks, adopting a social capital perspective on advice relations, and examining how actors in an organisation access the necessary resources to increase their performance (Sparrowe et al., 2001).

Lastly, the unit of analysis of my study is not the individual but a business or functional unit in subsidiary which can be defined as an organisational unit that directly reports to the head of a subsidiary. Most of the research has focused on the effects of international experience on the individual rather than the subsidiary or subsidiary-unit performance (Stahl et al., 2002). Previous studies have either ignored subsidiary managers (Herrbach, 2006) or included them in broader samples (Wang, 2004). As a result, managers of MNE subsidiaries have received less attention despite their important roles and responsibilities.

6.7.2. Practical Implications

A major concern for MNEs is how to build social capital in the global network of MNEs' subunits, so they devote attention to the identification, development and retention of global managers, particularly those with experience of crossing geographic and cultural boundaries, who can successfully develop social capital in multiple cultural settings (Taylor, 2006). I am now able to contribute suggestions as to how MNEs can select and deploy their potential subsidiary-unit managers more effectively.

My evidence suggests that appropriate selection systems for international managers are important in order to improve performance in the subsidiary (Caligiuri, Tarique, & Jacobs, 2009). My results show that previous international experience is an important selection criterion for potential candidates and that in selecting subsidiary managers, MNEs should consider all aspects of international experience including work and non-work experience and its location and time. I find that the extent of international experiences matters for building social networks. Total number of international non-work experience was 52.1% of total number of international experience (281/539) in the sample. So I suggest that IHRM practitioners might perhaps need to be prepared to send employees to foreign countries more frequently for non-work purposes (e.g., study abroad, learning foreign culture/ language) in order to increase their pool of potential candidates. The deployment of managers with various international experience and dual advice networks in home or host country to the subsidiaries of MNEs enables the subsidiaries to successfully respond to both internal and external organisations (Ando & Paik, 2013).

6.7.3. Limitations and Future Research

Like all research, this study has limitations. First, it is based on a cross-sectional design and a self-reported survey, since resources did not allow more elaborate procedures. Future longitudinal research and analysis of results from multiple respondents may be useful.

Second, my data is taken from South Korean MNEs. Whilst this is a relatively under-researched group, further research is needed to investigate the international experience-advice networks relationship in other countries' MNEs (Hamori & Koyuncu, 2011). The use of a single country sample adds to our knowledge of a comparatively under-researched country but inevitably raises concerns about generalizability (Gaur et al., 2007). Scholars have identified substantial differences in HRM policies between countries (Brewster & Mayrhofer, 2012) and these should be investigated further. Another sampling issue is that most of my respondents, as is typical of South Korean MNEs, were from China, Vietnam, Thailand, and Singapore. It should be noted that the study's sample is of larger South Korean MNEs and that smaller companies or public organisations in the same country may be different.

Finally, I focused on past international experience as our research was concerned with MNEs' staffing choices. However, current international experience (i.e., an expatriate experience in the current subsidiary and HCNs/ TCNs experience in the current subsidiary) may have an influence on advice networks.

In spite of these limitations, the study's findings are robust and indicate that international experience and dual advice networks are the important factors closely linked to subsidiary-unit performance. It would be useful to examine why the strength and benefits of dual advice networks does not mediate the relationship between international experience and subsidiary-unit performance. This raises questions about research on the balancing size and strength. The concept of ties confounds two main different network parameters: the number of ties and the strength of these relationships. It is not entirely clear what the relationship between size and strength is, and whether organisational and financial performance benefits simply from a larger number of ties, from a lack of strength of these relationships (Baer, 2010). Future study theoretically and empirically needs to analyse the relationship between network size and their network strength in order to explain the antecedents of performance despite of high correlation coefficient (0.46) between size and strength of dual advice network in this study. In the MNE context, this relationship can be explained by the concept of bandwidth - regular, efficient, and intensive two-way knowledge flows - and dispersion in MNEs. Firms tend to shrink bandwidth when they become more dispersed, as there are cognitive limits to their coordination and integration capacity (Narula, 2014). The more networks in MNE, the less strength of network due to coordination costs rise (Narula, 2014; Reiche, Harzing, & Kraimer, 2009). Thus, a subsidiary-unit manager with a large number of contact points across MNEs often cannot reach their contacts frequently due to cognitive limits and coordination cost.

Further the differences in advice networks were affected by the region (Asia, Europe, and China) in which international experience was gained. It would be worthwhile testing the effect of regional differences on the international experience-advice network relationship.

Chapter 7. Discussion

7.1. Introduction

This chapter provides an overview of the findings derived from the three papers and discusses their key findings for the three specific research questions (stated in section 1.2) which this thesis aims to address. This chapter begins with summary of testing hypotheses, along with the summary of the key findings of each paper.

In the following sections, I briefly summarise the findings of the papers. Next, I describe the implications of the key findings for the research questions.

7.2. Summary of Testing Hypotheses

Paper #1 (in Chapter 4) suggests international experience as an underlying dimension to capture diverse emerging subsidiary staffing options, and to explore the relationship between international experience and organisational performance such as social capital and knowledge flows. Paper #2 (in Chapter 5) examines the influence of a subsidiary-manager on dual advice networks at the subsidiary-unit level in terms of two aspects: (1) the extent of international experience and (2) the duration of international experience. Paper #3 (in Chapter 6) investigates the mediation effect of dual advice networks on performance at the subsidiary-unit level using a SEM. This paper demonstrates various factors may affect this relationship by adding several control variables in SEM. The findings of the three papers are summarised in Table 7-2, 7-3 and 7-4 respectively, together with their theoretical rationale and hypotheses.

[Table 7-1. Summary of Testing Hypotheses]

Paper #	Hypothesis	Descriptions	Results
Paper #2	1a	The extent of international experience → the size of dual advice network with HQ and local stakeholders	Supported
	1b	The extent of international experience → the strength of dual advice network with HQ and local stakeholders	Supported
	1c	The extent of international experience → the strength of dual advice network with HQ and local stakeholders	Supported
	2a	The length of international experience → the size of dual advice network with HQ and local stakeholders	Rejected
	2b	The length of international experience → the strength of dual advice network with HQ and local stakeholders	Rejected
	2c	The length of international experience → the strength of dual advice network with HQ and local stakeholders	Rejected
	3a	The length of an expatriate's international work experience → the size of their advice network in HQ	Supported
	3b	The length of an expatriate's international work experience → the strength of their advice network in HQ	Rejected
	3c	The length of an expatriate's international work experience → benefits of their advice network in HQ	Rejected
	4a	The length of an expatriate's international work experience → the size of their advice network in peer subsidiaries	Rejected
	4b	The length of an expatriate's international work experience → the strength of their advice network in peer subsidiaries	Rejected
	4c	The length of an expatriate's international work experience → benefits of their advice network in peer subsidiaries	Rejected
Paper #3	1a	The extent of international experience → subsidiary-unit performance	Supported
	1b	The length of international experience → subsidiary-unit performance	Rejected
	2a	Size of dual advice networks mediates the relationship between the extent of international experience and their subsidiary-unit performance	Supported
	2b	Size of dual advice networks mediates the relationship between the length of international experience and their subsidiary-unit performance	Partially supported
	2c	Strength of dual advice networks mediates the relationship between the extent of international experience and their subsidiary-unit performance	Rejected
	2d	Strength of dual advice networks mediates the relationship between the length of international experience and their subsidiary-unit performance	Rejected
	2e	Benefits of dual advice networks mediates the relationship between the extent of international experience and their subsidiary-unit performance	Rejected
	2f	Benefits of dual advice networks mediates the relationship between the length of international experience and their subsidiary-unit performance	Rejected

7.3. Summary of Findings of Papers

7.3.1. Findings of Paper #1

Paper #1 suggest international experience as an underlying dimension to capture diverse emerging subsidiary staffing options, and to find new subsidiary staffing options: TCNs with prior work experience in parent country is suggested. In addition, the relationship between international experience and organisational performance such as social capital and knowledge flows are explored. Furthermore, each subsidiary staffing option is reviewed and evaluated in detail.

7.3.2. Findings of Paper #2

Paper #2 explores whether and what types of subsidiary-unit managers' international experiences contribute to building such advice networks with both HQ and local stakeholders, differentiating along three dimensions: nature (i.e., work/ non-work); location (i.e., home/ host/ third countries); and time (i.e., past/ current). This study, therefore, introduce dual advice networks as a bundle of social networks that can be built by combining networks in HQ and those in host countries to access both HQ and local sources of information, resources and knowledge. This study utilises a survey-based quantitative approach with cross-sectional data that were chosen from subsidiaries of 17 South Korean MNEs and 8 industries. The selected South Korean MNEs are leading companies in their respective industries. The final sample consists of 284 subsidiary-unit managers.

The result of multiple regression analysis reveals that (1) the extent of previous international experiences was positively related to all dimensions of dual advice networks (size: $\beta = 0.16$, $p < 0.05$, strength: $\beta = 0.17$, $p < 0.05$, benefits: $\beta = 0.19$, $p < 0.05$), and (2) The duration of previous international experiences was not related to all dimension of dual advice networks. The empirical evidence highlights that the extent of international experience is more important (Hypotheses 1a~1c) than the length of international experience (Hypotheses 2a~2c) in building advice networks in internal and external organisations, implying that a variety of international experiences in other countries is more valuable than one long stay. In addition, the longer PCN expatriate spend in third countries, the less contact points they tend to have for seeking advice from HQ (Hypotheses 3a~3c). Further, PCN expatriates' international work experience in third counties is not related to all advice networks with managers in peer subsidiaries (Hypotheses 4a~4c). Many MNEs deploy PCN expatriates with third country experience in the new subsidiary as either technical specialists or heads of subsidiaries (Suutari & Brewster, 2009). However, this may be ineffective on knowledge transfer due to their poor competencies (Peng, 2011).

[Table 7-2. Summary of Paper #2]

Variable	Theory	Rationales	Hypothesis
International experience	Social learning theory	• The social learning facilitated through previous international experience might make it easier to acquire accurate information or knowledge of a foreign country (Lee & Sukoco, 2010; Piaskowska & Trojanowski, 2014; Shannon & Begley, 2008) • Social learning may increase communication skills and willingness to interact with people from other countries	1a, 1b, 1c, 2a, 2b, 2c
Advice Network	Social capital theory	• Advice networks are composed of relations through which employees share information and knowledge related to the completion of their work (Nebus, 2006) • A fundamental condition of advice-seeking is awareness of individuals as a possible source for a current business issue or opportunity (Borgatti & Cross, 2003)	3a, 3b, 3c, 4a, 4b, 4c

7.3.3. Findings of Paper #3

Paper #3 examines whether and why subsidiary unit managers' international experiences across MNE home and host countries matter for their subsidiary-unit performance. In addition, the mediating effect of their dual advice networks on this relationship is explored. This study utilises a survey-based quantitative approach with cross-sectional data that were chosen from subsidiaries of 15 South Korean MNEs and 8 industries. The selected South Korean MNEs are leading companies in their respective industries. The final sample of the study relates to 238 subsidiary-unit managers.

The result of SEM reveals that (1) a positive relationship between the previous number of international experience and subsidiary-unit performance ($\beta = 0.23$, $p < 0.001$) (Hypotheses 1a). However, there is no relationship between the duration of international experience and subsidiary-unit performance (Hypotheses 1b), and (2) the extent of international experience has a positive indirect effect on subsidiary-unit performance (total indirect effects = 0.54, $p < .01$, size = 0.34, strength = 0.10, benefits = 0.11) (Hypotheses 3a~3c). But only the effect of the size of dual advice networks on subsidiary-unit performance is significant ($p < 0.001$). The duration of international experience has an indirect positive and significant effect on subsidiary-unit performance (total indirect effects = 0.26, $p < .01$, size = 0.12, strength = 0.08, benefits = 0.06). But, only the effect of the size of dual advice networks on subsidiary-unit performance is significant ($p < 0.001$). The empirical evidence of the study indicates that one type of international experience for a long period time is not important to enhance performance. In addition, the longer PCN expatriate spend in third countries, the less contact points they have for seeking advice from corporate HQ (Hypotheses 2a~2f).

[Table 7-3. Summary of Paper #3]

Variable	Theory	Rationales	Hypothesis
International experience	Resource based view	• Experience allows individuals to accumulate valuable and rare skills, expertise, tacit/ explicit work-related knowledge that may be firm-specific or potentially transferable across organisational boundaries (Inkson & Arthur, 2001) • An individual with international experience that is difficult to acquire domestically may be an inimitable and non-substitutable resource for the MNE (Daily et al., 2000) • A subsidiary manager with scarce and valuable international experience may be necessary for global management (Takeuchi et al., 2008) and be able to improve his or her subsidiary-unit performance (Barney & Clark, 2007)	1a, 1b
Advice Network		• Network can be viewed as a form of relational capital, and have been documented as a major source of competitive advantage (Achrol & Kotler, 1999; Kogut, 2000)	2a, 2b, 2c, 2d, 2w, 2f

Variable	Theory	Rationales	Hypothesis
		• Among various types of MNEs' resources, relational resources have gained particular attention of management scholars who adopted the concept of social capital to describe relational resources • Firm's relational resources help build trust, and collaborate between the firm and its partners (Kaira, Wong, Asaari, & Lai, 2015) • Resources based on these relationships are difficult for the firm's competitors to imitate, and thus lead to competitive advantages and superior performance of the firm (Morgan & Hunt, 1999)	

7.4. Key Findings for Research Questions

This thesis aims to contribute to the current literature on subsidiary staffing by providing a more comprehensive and holistic understanding of a subsidiary-unit manager's international experience and advice network.

This thesis is designed to fill this research gap by examining how international experience may capture emerging patterns of subsidiary staffing and how this experience is related to advice network and subsidiary-unit performance. Specifically, this thesis explores four specific and related research questions as noted in section 1.2. The key findings of the research from one review paper and two empirical papers with regard to the five research questions are summarised in Table 7-4.

[Table 7-4. Key Findings for Research Questions]

Paper #	Research Questions	Key Findings
Paper #1	• How does international experience, a key underlying dimension of subsidiary staffing options, capture various emerging staffing options in practice?	• By considering international experience in research on subsidiary staffing, both traditional and alternative staffing options can be captured
	• How do subsidiary staffing choices with international experience of subsidiary managers affect their social capital and knowledge flows in multi-directions?	• Managers may build internal and external useful networks through their international encounters, so they can construct social capital with two entities simultaneously • The acquisition and internal transfer of local knowledge within the firm are highly limited unless affected by managers who know both the local context and the routines of knowledge integration processes within the firm
Paper #2	• How does international experience of subsidiary-unit managers affect their dual advice networks - combining networks in HQ and host countries or combining networks in HQ and third country - in MNEs?	• The extent of previous international experiences was positively related to all dimensions of advice networks • The duration of previous international experiences was not related all

Paper #	Research Questions	Key Findings
		dimensions of advice networks
Paper #3	• Whether and why is international experience important for addressing subsidiary-unit performance in MNEs?	• A positive relationship between the previous number of international experience and subsidiary-unit performance • Variety of a subsidiary-unit manager's international experiences in other countries is more valuable than one long stay in order to enhance subsidiary-unit performance
	• Does the degree of access to advice-seeking networks at HQ and subsidiaries matter in explaining the relationship between international experience and subsidiary-unit performance?	• Size of dual advice network mediates the relationship between a subsidiary-unit managers international experience and their unit performance

Chapter 8. Conclusion

8.1. An Overview of the Thesis

MNEs typically face two competing forces: embeddedness in both their MNE networks and the local business networks (Meyer et al., 2011). In order to overcome dual embeddedness, a subsidiary manager have ‘dual advice network’ which combine access to both corporate HQ and local sources of information, resources and knowledge (Cross & Parker, 2004; McDonald et al., 2008).

Through their international encounters, managers may build useful networks both inside and outside MNEs (Athanassiou & Nigh, 1999; Mäkelä & Suutari, 2009) which are crucial for members to exchange knowledge, information, and resources (Cross & Parker, 2004; McDonald et al., 2008).

In this context, this thesis aims to explore the international experience-social/ advice networks-subsidiary performance relationship in MNEs, which remains a relatively under-developed topic in the fields of IHRM. By adopting three papers which fit under the umbrella of the overall topic of subsidiary staffing, this thesis contributes to the IHRM literature in novel ways. First, this thesis proposes international experience as an underlying dimension to capture emerging staffing options. Second, this thesis identifies international experience as an antecedent of social/ advice networks. Third, this thesis focuses on a subsidiary manager’s advice network as a missing piece to research on international experience and subsidiary performance by concluding that international experiences matter for advice networks and subsidiary-unit performance by providing empirical evidence.

In the following sections, I briefly summarise the theoretical and practical implications, limitations, and suggestions for future research.

8.2. Theoretical Contributions

This study contributes to international staffing, social capital theory, resource based theory, and social learning theory in MNEs literature.

8.2.1. Contributions to Research on International Staffing

PCNs lack knowledge of and relationships in the host countries, and HCNs do not have knowledge of and relationships in the parent country. Therefore, members of alternative categories of subsidiary staffing who can successfully develop social capital and knowledge transfer with corporate HQs and local organisations are essential for subsidiaries to overcome dual embeddedness, bounded rationality and resource dependency of a subsidiary on HQ. As previous research has mainly focused on the nationality-based subsidiary staffing options, prior analyses have focused less on alternative subsidiary staffing options. Managers in each typology of subsidiary staffing in chapter 4 (paper #1) need to encourage multi-directional knowledge transfer by building internal and external social relations with managers to strengthen the relationship between the individual and her/his contact ties (Reiche, 2012).

First, long-term expatriates, who are moved from HQs to subsidiaries, facilitate the communication process between the parent company and its affiliates by using their existing strong internal networks with managers in HQ (Downes & Thomas, 2000; Riusala & Suutari, 2004). They have the function of knowledge-transfer (Delios & Björkman, 2000; Riusala & Suutari, 2004; Gaur et al., 2007; Chang et al., 2012). In addition, MNEs tend to send individuals on short-term assignments to share knowledge across various work sites (Starr & Currie, 2009). Relatively short term assignments can also be utilised as an effective way of augmenting their social capital by exposing them to different experiences in a variety of foreign markets. Among short-term expatriates, for example, international business travellers may have a face-to-face interaction with employees in subsidiaries without their physical relocation (Mayrhofer & Scullion, 2002).

Second, MNEs with high levels of internationalization require managers with international networks and knowledge to operate their international presence effectively (Carpenter et al., 2001; Ruigrok, Georgakakis, & Greve, 2013). An expatriate who has been exposed to various environments in a number of different countries for a long time (i.e., global careerists) can gain valuable knowledge about different markets, HQs-subsidiary relations, and customer demands from external sources in different countries (Georgakakis et al., 2016).

Third, inpatriates may build a number of social ties with HQ colleagues in different departments or work groups (Reiche, 2012). A strong internal and external social interface that provides access to information and influence has been associated with effective knowledge transfer (Hansen, 2002; Moeller, Maley, Harvey, & Kissling, 2016). Like inpatriates, bi-cultural persons can understand the context subsidiaries operate in through translating the information, knowledge, and values in the two cultures, while mono-cultural people may not gain the tacit knowledge (Butler, Zander, Mockaitis, & Sutton, 2012).

Lastly, TCNs may be more willing to accept an international assignment than PCNs due to limited job opportunities in the labour market in their country of origin. Thus, it is easier for them to accumulate international experience than PCNs (Tarique & Schuler, 2008). TCNs with prior international experience in the host country are able to be socialised at a subsidiary. In the same way, TCNs with prior international experience in the home country are able to be socialized at the HQ (Tarique et al., 2006). Although there is little extant literature on TCNs in subsidiary staffing, I assume that they may develop external relationships through their prior international experience and subsidiary also gains knowledge generated in third countries (Gong, 2003b).

8.2.2. Contributions to Social Capital Theory

Social capital has received increasing attention in the IHRM literature. Scholars have examined the ties between supervisors and employees (Graen & Uhl-Bien, 1995) and the relationships among employees on teams (Chen & Klimoski, 2003).

Despite the importance of employees' social capital in MNEs for both individuals and organisations, the mechanisms for creating such ties still remain under-researched in MNEs (Bozkurt & Mohr, 2010). According to representative research on social capital in MNEs by Kostova and Roth (2003), boundary spanners automatically emerge through various encounters of collaboration between HQ and subsidiaries, which might be unrealistic. They also assume anyone (e.g., engineers, researchers, and marketing specialists) who has the network of contacts with HQ or subsidiaries becomes a boundary spanner. However, an individual who is in charge of organisational performance or people management (e.g., subsidiary-unit managers/ head of subsidiary, and part/ team/ business unit leader) can play a boundary spanner role effectively, as they should improve their unit performance.

After developing social capital through international encounters, boundary spanners may convey their experiences as well as their personal attitudes to the other employees at their sub-unit (Kostova & Roth, 2003). Through such processes of social information processing (Salancik & Pfeffer, 1978), sub-unit employees form perceptions and attitudes toward HQ or subsidiaries without direct interactions. In doing so, this thesis contributes to sheding light on what types of international experience make a subsidiary manager an effective boundary spanner by building inside and outside MNE networks at both the individual and organizational level.

In addition, until recently, relatively little is known about how relationships embedded in networks affect knowledge sharing, organisational performance, and competitive advantage (Lengnick-Hall & Lengnick-Hall, 2012). Previous research on social capital in IHRM literature mainly has been examined from expatriates' perspective. It gives insights on how expatriates' social capital may affects their social support (i.e., Caligiuri & Lazarova, 2002; Stroppa & Spieß, 2010), adjustment (Osman-Gani, & Rockstuhl, 2008), and psychological wellbeing (Wang & Kanungo, 2004). However, it could not expolre the relationship between social network and financial performance. In this study, the relationship between a subsidiary-unit manager's internal/ external social networks and their unit performance was explored.

8.2.2.1. Antecedents of Social Capital in International HRM

Individual differences such as experiences or abilities have been suggested as antecedents to social networks in MNEs (Bozkurt & Mohr, 2011; Mäkelä & Suutari, 2009). However, little is known about what shapes subsidiary managers' social networks across their MNE organisations and local environment.

In the thesis, various dimensions of international experiences that can play in promoting managers' social ties inside and outside MNEs are suggested as antecedents of social network, as it can provides extended networking opportunities (Jokinen et al., 2008) which could provide benefits for the subsidiary. Due to their cross-national mobility, managers with international experience naturally encounter a large number of people in different contexts, both within and outside of their firms. These network relationships present a wide range of contacts geographically and culturally, which may create significant social networks (Suutari & Mäkelä, 2007).

There has been no consensus on what aspects of international experience shape social networks. I clarify what experience contributes to construct networks. I aimed at measuring more relevant international experiences of subsidiary managers in relation to their dual advice networks across HQ and a host country, rather than measuring their 'general' foreign experiences. I counted international experience carefully, depending on a nationality type of a subsidiary-unit manager; considered MNE home country experiences as international experiences for HCN subsidiary managers and host country experiences for PCN subsidiary managers.

In addition, international networks build by international assignment is critical for firms competing in the global environment (Roth, 1995). Firms operating in multinational markets may rely extensively on intra-firm coordination with relevant stakeholders across business units to achieve corporate performance (Kim & Mauborgne, 1991). In particular, prior experience in managing international operations can provide managers with a more complete understanding of the contribution of these subsidiaries to overall firm performance.

In this regard, the concept of social capital has been defined in a number of different ways due to its wide usage (Adler & Kwon, 2002). One of the ways to categorise social capital is the 'bonding' and 'bridging' (Adler & Kwon 2002; Burt, 2000). Bonding social capital connects people that are alike and is characterised as belonging to a group, whether it is a small cohesive group with personal ties, or a larger social entity (Coleman, 1988). On the other hand, bridging social capital refers to benefits derived from linking people or social units that would otherwise not be connected (Burt, 1992). Creating new social networks both within and outside of their firms for a subsidiary-unit manager seems highly relevant to bridging social capital (Suutari & Mäkelä, 2007).

While it has been argued that the importance of employees' social capital increases with the extent of international experience through global career (Sturges, Guest, & Mackenzie, 2000), empirical evidence in the international setting is still lacking. My finding is that when a subsidiary-unit manager has more international experiences in both the MNE’s home and host country, they are more connected and contact more frequently, and gain more useful information or knowledge with dual advice networks in both HQ and the host country. It strongly supports arguments that employees’ international mobility in MNEs shapes their social ties.

8.2.2.2. Impacts of Social Capital on Performance in International HRM

In a turbulent external environment, social capital has been considered as a key mechanism for the successful management of internal knowledge stocks and flows in the organisation (Gooderham et al., 2011; McFadyen & Cannella, 2004; Yli-Renko et al., 2001). A manager’s social capital contributes to the knowledge flows and efficient coordination by providing networks of relationships which span across the MNE’s global operations (Kostova & Roth, 2003).

Lin’s (2001) concept of social capital centres on a structural perspective as Burts (1982). Lin’s theoretical approach to social capital is social resources theory which primarily focuses on the nature of the resources embedded within a network. According to social resource theory, capital is surplus value which is reinvested to create more surplus value. Thus, capital is investment of resources with expected returns in the market place as relationships facilitate the flow of information about opportunities. Individual interact alters who are of special importance for the production of benefits in the network to produce profits (Lin, 2001). To put in another way, alters who possess useful resources for the attainment of an individual's goals can be considered a critical social resource. For example, alters who provide career development advices are the relevant social resource when considering an ego's pursuit of career goals (Marsden &

Hurlbert, 1988). Social ties have a role as certificates of an individual's social credentials by showing the access to critical resources through social networks.

Results of this study support Lin's (2001) concept of social capital. His claim is based on a functional perspective which aims to identify specific economic benefits inherent in social capital (Baum, Calabrese, & Silverman, 2000; Stuart, 2000). There are three benefits from social capital: information, influence and control, and social solidarity (Sanderfur & Laumann, 1998). Social capital may not be amendable and may be unquantifiable unlike economic resources (Adler & Kwon, 2002). Its value is tied to the context in which it is used, so that it is difficult to estimate the value of some social capital. Moreover, it is difficult to exchange social capital in the open market. Accordingly, an individual may be unable to predict how their benefits form social capital as casual mechanism between their investment of social capital and benefits from relations (Araujo & Esaton, 1999). In order to understand what kinds of social relations are critical for achieving benefits, we need to classify various social relations. For instance, Shah (1998) argues that social relations at the workplace can be divieded into authority relations, friendship relations, and work relations. He finds that employees are more likely to rely on colleagues for job-related information, and they tend to use friends for general organisational information (Häuberer, 2011).

8.2.3. Contributions to Resource Based Theory

Scholars in the field of business strategy started to pay increasing attention to the resource-based view of the firm after Wernerfelt (1984) asserted that firms can be viewed as collections of resources, and suggested that resources may enable effective product market strategies. Barney (1986, 1991) and other scholars (e.g., Amit & Schoemaker, 1993; Collis & Montgomery, 1995) later developed the concept of ‘strategic resources’ which allow firms to cultivate strategies that help sustain competitive advantages (Wernerfelt, 2016). They argue that the extent to which organisations possess strategic resources is positively related to performance grounded in resource based theory (Crook, Kethen, Combs, & Todd, 2008).

‘Resources’ refer to inputs into organisational processes as a general term. However, the key argument is whether resources in the organisation are ‘strategic’ or not (Amit & Schoemaker, 1993; Barney, 1991). Efficient deployment of strategic resource that is complex and intangible should result in distinctive capabilities that improve firm performance (Hitt et al., 2006).

In the industrial economic era, tangibles such as land, buildings, machines, equipment and natural resources were key assets for firms’ success. However, these traditional resources are relatively easy to imitate and can not contribute to competitive advantage in the current economic climate (Kamasak, 2013). In today’s competitive environment caused by digitailisation, globalisation, and information technology, a number of researchers argue that intangible resources such as knowledge, creativity, culture, brand, innovation (Barney, Ketchen, & Wright, 2011; Michalisin, Smith, & Kline, 1997; Ray, Barney, & Muhanna, 2004; Wan, Hoskisson, Short, & Yiu, 2011), reputation (Boyd et al., 2010; Deephouse, 2000), patents, unique knowledge (Barney & Arikan, 2001), skills and behaviour of employees advantage (Wright et al., 2001) are more likely than tangible resources in order to produce competitive advantage. Firms must pay attention to the effective use of intangible resources to adapt to discontinuous change (DeMeyer, Nakane, Miller, & Ferdows, 1989; Hitt, Keats, & DeMarie, 1998). Hence, intangible resources can be a critical factor that account for performance variation (Galbreath & Galvin, 2006), as these resource is difficult to duplicate compared to tangible resources. In this regards, the impacts of intangible resources such as employee know-how (Glunk & Wilderom, 1998; Hall, 1992), human capital (Ambrosini, Bowman, & Collier, 2007; Russo & Harrison, 2005), firm reputation and organisational culture (Howard-Greenville & Hoffman, 2003), social capital (Chisholm & Nielsen, 2009), and firm-specific tacit knowledge (Wang, He, & Mahoney, 2009) on firm performance have been studied.

Experience can enables individuals and firms to accumulate new strategic assets such as skills, expertise, tacit and explicit knowledge (Inkson & Arthur, 2001). Thus, international experience may be one of the 'strategic resources' (Daily et al., 2000). Barney and his colleagues (1991) argue that resources that satisfy the valuable, rare, inimitable, and non-subsititutible (VRIN) criteria can be strategic resources which can improve the firm's efficiency and effectiveness. In particular, the source of inimitability can be explained by historical uniqueness which refers to unique events such as a firm's founding, emergence of valuable organisational culture, and the choice of location decisions for the firm. These unique historical conditions may not be controlled by competitors and hence cannot be imitated (Barney, 1991).

Normally, PCNs are believed to have limited knowledge of local markets and culture, resulting in insufficient local business networks with people in local institutions (Tan & Mahoney, 2006). They have worked at HQ in home country. Application of this perspective to a subsidiary-unit manager may be especially appropriate, as they are considered as unique resources in a subsidiary as a key member of TMT. Not many employees are given opportunities to accumulate international experience and each of them has their own career history. Thus, it may be inimitable due to its unique historical conditions that make it difficult for rivals to obtain the same resources (Barney, 1991). A subsidiary manager is faced with dual managerial roles for both the interests of the MNE and the subsidiary (Vora et al., 2007). Dual advice networks built through their international encounters, managers may overcome dual embeddedness, which lead to improved performance. Hence, subsidiary-unit managers with international experience are relatively valuable and may reduce uncertainty as they tend to combine accumulating local-specific knowledge with coordination/ control of international operations (Tippmann, Scott & Mangematin, 2014).

There have been two prominent perspectives on the relationship between strategic resource and performance. Barney and Arikan (2001) argue that strategic resources affect performance strongly, but Newbert (2007) insists that strategic resources only modestly affect performance overall. The findings of this study reveal that international experience is directly important for enhancing subsidiary-unit performance, which leads to support the former's arguments. Specifically, the extent of international experience, rather than its duration, is closely related to subsidiary-unit performance. The extent of subsidiary-unit managers' international experience affects subsidiary-unit performance directly, and partially mediated by the size of dual advice networks. The size of dual advice networks completely mediates the relationship between the duration of international experience and subsidiary-unit performance. The reasons are that a subsidiary-unit manager with a large number of and long international experience may enhance their unit performance through only a large number of contact points but with rich knowledge from advice-givers.

8.2.4. Contributions to Social Learning Theory

While social learning theory has been widely used in the cross-cultural training literature in the field of IHRM (e.g., Fee et al., 2013; Moon et al., 2012, Wurtz, 2014), it is often used to explain the outcomes of international experience (e.g., Caligiuri & Tarique, 2009; Fee et al., 2013; Li, Mobley, & Kelly, 2013).

According to social learning theory, learning is contingent upon the interaction between prior knowledge and new impressions (Fee et al., 2013). Learning is strongly shaped by the context in which people interact while learning occurs. Experience in foreign countries may create dissonance between an individual's cognitive schemas, and stimulate learning about domain-specific knowledge (Endicott et al., 2003; Fee et al., 2013; Suutari & Mäkelä, 2007).

The social learning can facilitated through previous international experience may make it easier to increase communication skills and willingness to interact with people from other countries, acquiring accurate information and knowledge of a foreign country (Lee & Sukoco, 2010; Piaskowska & Trojanowski, 2014).

My study extends the understanding of social learning theory to social networks in IHRM research. In the thesis, I find that social learning about different cultures through prior experiences can enhance subsidiary-unit managers' competence not only to communicate in ways that are appropriate in a foreign country, but it can also enhance their communication skill with people from different cultures.

8.3. Methodological Implications

This thesis provides several methodological contributions to the IHRM literature. First, the unit of analysis of the study is not the individual but a business or functional unit in the subsidiary which can be defined as an organisational unit that directly report to the head of a subsidiary. Most of the research has focused on the effects of international experience on the individual rather than the subsidiary or subsidiary-unit performance (Stahl et al., 2002). Previous studies have either ignored subsidiary managers (Herrbach, 2006) or included them in broader samples (Wang, 2004). As a result, managers of MNE subsidiaries have generally received less attention despite their important roles and responsibilities. Second, cluster analysis method was used to identify dual advice networks of subsidiary-unit managers. This is more analytical than the ‘2x2’ matrix by using two variables or calculating the average of two variables. Third, actual data for international experience and subsidiary-unit performance was collected in order to avoid common method bias, although it was gained by respondents. Lastly, the phantom model approach was adopted for assessing specific indirect effects. It is difficult to find SEM-based studies that use more than two mediators as statistical packages (e.g., AMOS) generally provide only total indirect effect.

8.4. Practical Implications

Today's rapid process of globalisation has critical implications for global talent management. There is a shortage of talented managers to successfully deal with the challenges arising from firms' international operations (Dragoni et al., 2014). Thus, the question of how to develop global managers with networks and knowledge is an increasingly pressing issue for many MNEs (Dragoni, Oh, Vankatwyk, & Tesluk, 2011).

This study suggests three practical implications. First, MNEs devote attention to design appropriate selection systems for international managers to reduce failure rates and to improve performance in the subsidiary (Caligiuri, Tarique, & Jacobs, 2009). Second, IHRM practitioners in MNEs need to consider non-work experiences in their analysis, and perhaps also be prepared to send employees to foreign countries for non-work purposes (e.g., study abroad, learning foreign culture/ language) more frequently, in order to increase their pool of potential candidates. Third, MNEs provide right balance of internal and external international experience for PCN expatriates, as their extensive international experience may reduce networks with key managers in the MNE's HQ (Georgakakis et al., 2016; Lazarova & Taylor, 2009).

8.5. Limitations and Future Research

This thesis does not come without limitations. Several limitations are addressed in this section, which could be advanced by future research. First, I use cross-sectional data which cannot infer causality and a self-reported survey, as resources did not allow more elaborate procedures. Although subsidiary-unit managers' international experience and their unit performance were measure by actual data, future longitudinal research and analysis of results from multiple respondents would be valuable.

Second, this is a single home country study, focused on South Korea. Whilst this is a relatively under-researched group, further research is needed to investigate the international experience-advice networks relationship in other countries' MNEs (Hamori & Koyuncu, 2011; Thomas & Inkson, 2007). The use of a single country sample adds to our knowledge of a comparatively under-researched country but it inevitably raises concerns about the generalizability (Gaur et al., 2007). Scholars have identified substantial differences in HRM policies (Brewster & Mayrhofer, 2012) and these should be investigated further. Another sampling issue is that most of our respondents, as is typical of South Korean MNEs, were from China, Vietnam, Thailand, and Singapore).

Finally, I focused on past international experience as our research was concerned with MNEs' staffing choices. However, current international experience (i.e., an expatriate experience in the current subsidiary and HCNs/ TCNs experience in the current subsidiary) may have an influence on advice networks.

In spite of these limitations, the findings of the study are robust and indicate that international experience and dual advice networks are the important factors closely linked to subsidiary-unit performance. It may be useful to examine why the strength and benefits of dual advice networks does not mediate the relationship between international experience and subsidiary-unit performance. This raises questions about research on the balancing size and strength. It is not yet clear what the relationship between size and strength is, and whether organisational and financial performance benefits simply from a larger number of ties, from a lack of strength of these relationships or from both (Baer, 2010). To address this ambiguity, future study may analyse theoretically and empirically the relationships between network size and their network strength and examined their joint impact on organisational and financial performance of the firm.

Further, the differences in advice networks can be affected by the region (e.g., Asia, Europe, and China) in which international experience was gained. It would be worthwhile testing the potential effects of regional difference on the international experience-advice network relationship. More specifically, Asia is an important region of import of global talent and the export of domestic talent as countries within this region have experienced brain gain, brain drain, brain exchange, and brain circulation (Harvey & Groutsis, 2015). On the other hand, labour mobility within the European Union (EU) is lower than in Asia. Less than 3% of EU citizens currently reside in another EU country (Canetta, Fries-Tersch, & Mabilia-Milieu, 2014). However, flows of workers between EU countries have substantially increased during the economic crisis. In 2013, there were around 7 million EU citizens, only 3.3% of the EU's total labour force, working and living in a member country other than their country of citizenship (Andor, 2014). In particular, outflows from EU10 countries (Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia) were considerable. For instance, Poland and Latvia saw more than 0.5% of their domestic populations move to the EU15 (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the UK) each year in the period 2004-2008. The main driver of intra-EU mobility during the past decade has been the large income gap between the old member states (EU15) and the new member states in the east (EU10) that joined the EU from 2004 (Barslund, Busse, & Schwarzwälder, 2015).

8.6. Closing

Despite its natural limitations, this thesis provides one piece to the large puzzle on how to build social networks through experience - an area of research that seems to be crucial to the viability of subsidiaries; however, this is a field that is theoretically and methodologically relatively under-developed.

Theoretically, this thesis suggests social capital theory in MNEs as an underpinning theory by providing a fuller and more comprehensive understanding of a subsidiary-unit manager's relevant international experience in order to construct advice networks in the MNE home country as well as in the host countries.

Methodologically, most of the data was collected through on-site visits, not an online survey. I also introduce a new concept, 'dual advice networks', by using cluster analysis, and test the mediating effect of dual advice networks on international experience-subsidiary unit performance relationship by using SEM, including phantom variables approach to capture specific indirect effects.

To sum up, this thesis attempts to shed light on the relationship among managers' international experience, their advice networks, and performance extensively at the subsidiary-unit level. I hope that this thesis makes a small, but valuable, contribution to the existing subsidiary staffing literature.

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