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Fostering operational management "Best Practices" in subsidiary plants in the Western Balkans: The role of MNC home-country environment and resource allocation

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ABSTRACT

We investigate the adoption of operational management "best practices" in multinational corporation (MNC) subsidiary plants in the Western Balkans. Building on the Practice-Based View (PBV), we suggest that subsidiary plants are more likely to operate according to widely recognized best practices, if these practices are already common in the MNC home country. We also examine the degree to which the MNC can facilitate best practices in their plants by allocating organizational and human resources. We test our hypotheses using survey data from subsidiary managers and secondary company data ($n = 129$), supplemented with manager interviews ($n = 14$), collected from European, U.S., and Asian MNCs with subsidiary plants in Bosnia and Herzegovina, Croatia, Serbia, and North Macedonia. Results indicate that the subsidiary plants adopt practices that are common in the MNC home country. They do so to a greater extent when the MNC commits organizational resources to the plants, such as codified written procedures and trainings. Contrary to our expectations, there is no benefit to allocating human resources, such as expatriates and business travelers. We provide insights into the transfer and implementation of best practices in the Western Balkan context, enhance our understanding of the PBV by presenting a specific application of this theoretical perspective, and provide practically relevant results for managers and policymakers.

1. Introduction

The term "best practice" has been used as a catchall phrase for any management activity that is widely regarded as exemplary and world-class—a practice that is seen to be beneficial across contexts and organizations, such as lean manufacturing techniques in production. In this paper, we focus on the implementation of best practices in manufacturing plants as introduced in the seminal research stream by Bloom and colleagues (e.g., Bloom et al., 2019; Bloom and Van Reenen, 2007). Their concept of best practices represents a broad set of activities across various organizational functions, such as using modern operation technologies, setting clear targets, providing clear incentives to personnel, and monitoring performance effectively and systematically (Bloom and Van Reenen, 2007). We refer to these practices as "operational management practices" and define them as "situation generic, highly structured sets of activities that can be transferred across organizations and industries to help operations management personnel address similar

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operational problems" (Wu et al., 2012: 123). Large-scale studies across countries show that the extent to which plants adopt such practices is indeed associated with better plant performance and productivity (Bloom et al., 2019; Bloom and Van Reenen, 2007).

The Practice-Based View (PBV) has been an emerging lens for bringing forth the value of these practices for the success of firms. Interestingly, operational management practices are seen as "imitable…often in the public domain, [and] amenable to transfer across firms" (Bromiley and Rau, 2014: 1249). However, many firms have difficulties in implementing these practices in their plants, especially those in countries undergoing a transition from a socialist economy (Bloom et al., 2012b). There are a number of reasons why firms to not implement best practices. For example, discouraging local environments can hinder the development and implementation of best practices (Vermeulen, 2018), or firms might not know of all the techniques that might improve their practices (Bromiley and Rau, 2014).

While these contributions have been valuable, there are a number of shortcomings and a general need to develop the PBV further. Most importantly, while there is evidence that multinational corporation (MNC) ownership is related to better practices in a subsidiary plant, there are substantial differences among plants of MNCs operating in the same country in terms of operational management practices (Bloom et al., 2012a; Bloom et al., 2012b; Bloom and Van Reenen, 2007). This suggests that, relatively independent from the local context, plant-specific mechanisms shape plant-level operational management practices. Furthermore, this evidence points to the need to better understand how an MNC successfully transfers management practices. Although we know an MNC uses its resources to overcome barriers in the local environment of its subsidiaries (Holcomb et al., 2009), we know little about which types of resources are most effective to disseminate operational management practices, and how they interact with the operational management practices dominant in the MNC's home country.

Building primarily on the PBV (Bromiley and Rau, 2014, 2016), we seek to shed light on how an MNC's subsidiary plants adopt MNC home-country operational management practices in institutional environments in which those practices are not widespread and subsidiaries might need more help from their headquarters (HQ). We predict that the practices of the MNC's home country shape plant-level practices and that this relationship is moderated by the specific human (e.g., expatriates or business travelers) and organizational resources (e.g., codified written procedures and trainings) that the MNC commits to the plant.

We focus on the Western Balkan region, where countries have a strong need to improve the practices in their plants (Matusiak and Kleibrink, 2018). The complex Western Balkan environment, marked by challenges ranging from high corruption (UNODC, 2013) to ongoing emigration and brain drain (Gallup World Poll, n.d.), presents a particularly rich setting in which to study the value-adding role of the MNC. Furthermore, given the exposure of this region to MNCs with different countries of origin, this setting also lends itself to studying the influence of MNCs from developed as well as developing countries.

Western Balkan economies followed a unique path among Central and Eastern European (CEE) countries in terms of foreign capital and learning from foreign MNCs. Already in 1967, Yugoslavia was the first country in the CEE region to open its market to joint ventures with foreign companies (from both the East and West; Sukijasović, 1970), while others had nearly zero foreign direct investment (FDI), other than through intra-regional investment among the Soviet Union and its satellite states for more than two additional decades (Curwin and Mahutga, 2014). As newly founded independent states after military conflicts in the 1990s, Western Balkan countries had a delayed transition from socialist to market economies as well as insufficient FDI inflows in manufacturing and complex industries in the early 2000s, compared to other CEE countries (Uvalić and Cvijanović, 2018). At the same time, while CEE countries were exchanging lessons learned during the transition phase through regional cooperation, Western Balkan states missed opportunities to learn from each other due to religious, national, and social fragmentation (Uvalić, 2002).

Literature about transitional change and transfer of "best practices" into CEE economies (Child and Czegledy, 1996; Dixon et al., 2007; Lyles and Salk, 1996; Newman, 2000) has overlooked this unique setting, with the exception of research about organizational learning from Western MNCs in transitional Serbia in the period of initial economic shock (Cerović and Nojković, 2009; Cerovic et al., 2014). Thus, we still know little about the role of MNCs when it comes to the adoption of best practices in the Western Balkan region, especially in more recent years.

Focusing on subsidiary plants in the Western Balkans (namely Bosnia and Herzegovina [B&H], Croatia, Serbia, and North Macedonia) of European, United States (U.S.), and Asian multinationals, we test our hypotheses using secondary data and surveys, supplemented with interview insights. By directing our attention to the MNC's home-country environment and the role of MNC resources in fostering better operational management practices in subsidiary plants in the Western Balkans, we address a phenomenon that the literature has largely left unexplored, from either a theoretical or empirical perspective. We contribute in the following ways.

First, we contribute to the emerging PBV, which, while valuable, provides rather general and broad theoretical directions. We show how the PBV can be further developed and combined with resource allocation literatures (e.g., Ambos and Mahnke, 2010; Dellestrand and Kappen, 2011, 2012) for a more concrete application in the MNC context. In essence, we see organizational and human resources as conduits that help subsidiary plants adopt the operational management practices from the MNC home country. This is important because the forces of local and MNC environments simultaneously shape operational practices (Rosenzweig and Singh, 1991). However, the PBV has neglected the latter. We extend the PBV by showing that organizational resources matter more than human resources for the transfer of practices. Our interviews further indicate that the Western Balkan setting may help explain this result.

Furthermore, we generate contextually new important findings. We provide insights into management practices and HQ-subsidiary relations in the under-researched and unique Western Balkan setting. We also encompass the transfer of a broader set of "best practices" and from a broader set of countries around the world, expanding previous research that has mainly focused on MNCs from developed Western countries (Gebrekidan et al., 2019) or on only a subset of practices specific to a particular organizational function, such as marketing (e.g., Birkinshaw, 2001; Paterson and Brock, 2002), human resource management (HRM; e.g., Chiang et al., 2017; Vo and Stanton, 2011), or corporate social responsibility (CSR; e.g., Durand and Jacqueminet, 2015).

Finally, for practitioners, our findings highlight the importance of foreign investment and ownership for Western Balkan plants.

However, we would claim that foreign ownership alone does not generate improved practices. What matters is ownership from MNCs in well-performing countries and additional investments from the MNCs into organizational resources that are then committed to the transfer and, eventually, the implementation of the practices in the local plants.

2. Fostering operational management "best practices": the Practice-Based View in the MNC context

The Practice-Based View (PBV) stresses the value to firms of adopting publicly known and common activities or practices that are transferable across firms (Bromiley and Rau, 2014). These practices—referred to here as operational management practices—are neither a secret nor technologically complex (Bromiley and Rau, 2016). Wu et al. (2012) identified three main characteristics of operational management practices. First, they include specific protocols, organizational arrangements, tools, and techniques. Second, they are typified by standardized procedures that are well-defined and easy to articulate. Third, they tend to be readily transferable from organization to organization, because they are well established, observable, and generic (i.e., not organizationally specific).

The World Management Survey (WMS) is the first large cross-country and cross-industry database, built and originally presented by Bloom and Van Reenen (2007) that comprehensively assesses operational management practices in organizations. Since the publication of the original study, we have better understanding about the different degrees to which organizations across the world have been successful in implementing "best practices" (Bloom et al., 2012a; Bloom et al., 2012b; Bloom et al., 2019). Specifically, the WMS assigns a score from worst to best depending on the degree to which a specific firm was successful in fully adopting these practices. For example, firms can differ in regard to how they handle poor-performing employees, with some coming close to what is considered a best practice (e.g., quickly identifying and removing poor performing employees), while others may have an inadequate approach to the issue (e.g., retaining poor performing employees).

While good operational management practices are likely to contribute to higher performance (Bloom and Van Reenen, 2007) and should be easily implementable, given that they are generic and imitable, the WMS indicates that these practices are not adopted in all firms (e.g., Bloom et al., 2019). The PBV suggests that there are likely conditions in the local environment that may hinder or help the implementation of such practices (Bromiley and Rau, 2016). Many local environments, such as those in the Western Balkans, impede rather than facilitate the adoption of best practices, due to ineffective institutions or weak competitive pressures (Gomes and Jehiel, 2005). Additionally, due to bounded rationality, firms are often not aware of all techniques that might help them bring about better practices (Bromiley and Rau, 2014, 2016). Unfortunately, the PBV provides no specific indication of how to overcome these challenges and how to successfully implement best practices in organizations.

In MNCs specifically, which have organizational units located in diverse local environments, identifying the factors that facilitate the adoption of best practices is complex and not at all straightforward. That is, practices in MNC subsidiaries are likely to be influenced not only by their local environment but also by the environment in the MNC home country (Noorderhaven and Harzing, 2003) as well as by the integrative and coordinating efforts of the MNC HQ (Ambos and Mahnke, 2010). Jarzabkowski et al. (2016) argue that one of the biggest limitations of the PBV is its focus on *what* practices are used, while undervaluing the implications of *who* is engaged

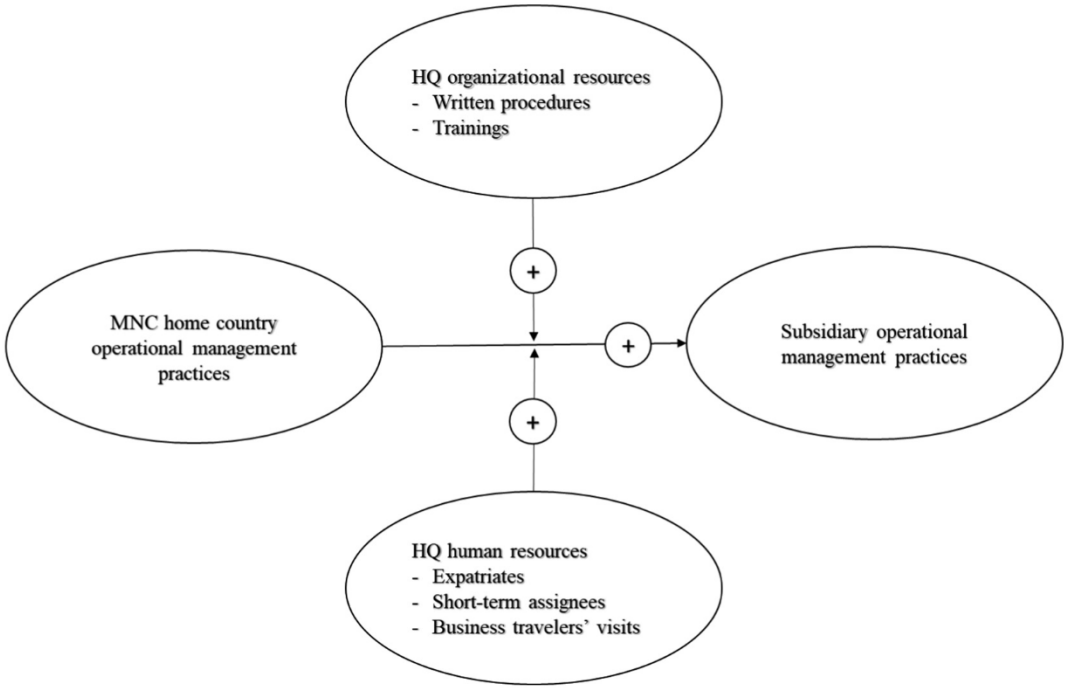

Fig. 1. The interplay between MNC home-country operational management practices and MNC resource allocation on practices in subsidiary plants.

in the practices. This is problematic because practices are shaped by the practitioners who develop and advocate them (Jarzabkowski et al., 2016). Therefore, the same practice may be implemented differently and to a varying extent depending on whether introduced by a consulting firm (e.g., Bloom et al., 2013), local management (e.g., Barden, 2012), or the MNC HQ.

Thus, to make PBV more applicable to the MNC context in general, and to the Western Balkan context in particular, the following sections delineate specific factors that may influence operational management practices in subsidiaries. Specifically, we examine whether there is an alignment of practices between those common in the MNC home country and those adopted in subsidiary plants—suggesting that the MNC home-country environment is an important determinant of the degree to which best practices are implemented in subsidiaries. In addition, based on research about MNC resource allocation, knowledge transfer, and literature on expatriation and international assignments, we suggest that the integrative and coordinating efforts of the MNC HQ, through the allocation of organizational and human resources to their subsidiaries, facilitate this alignment. Our proposed model is presented in Fig. 1.

3. Hypotheses development

3.1. MNC home-country environment and transfer of operational management practices

As one might expect, the country in which a firm is located is important for the development of many business processes. For example, intensive competition and customer pressure provide incentives for innovation (Porter, 1986), as in the case of tech companies located in Silicon Valley. Since certain environments can facilitate the creation of firm competitive advantage (Porter, 1996), some may be more suited than others to developing better practices. We know from the PBV that popularity (and legitimacy) in the local environment influences the acceptance of operational management practices by firms in that environment. This implies that the widespread and dominance of a practice in an MNC home country makes it more likely that the HQ accepts the practice (Whitley, 2012).

Past research produced important insights about the differences in operational management practices across countries. Specifically, management practices in emerging and transitioning countries are on average considerably worse compared to developed markets (Wei and Nguyen, 2017). In particular, firms in countries with better labor market regulations, quality education, and more competition tend to have better management practices (Bloom and Van Reenen, 2007). Thus, country factors, such as the institutional and political context, culture, economy, and others, create an environment that may facilitate or impede good management practices (Amba-Rao et al., 2000; Myloni et al., 2004).

Bloom and colleagues (Bloom et al., 2012a; Bloom and Van Reenen, 2007) show that an MNC affiliation has a positive influence on plant-level management practices, suggesting that subsidiaries are under the influence of both the local and MNC environments.

Many multinational subsidiaries indeed have characteristics of their homeland (i.e., U.S. MNCs have more managerial freedom, Japanese MNCs are “lean”; Bloom et al., 2012a). This is not surprising considering the pressure MNCs face to integrate across their affiliates.

The pressure for integration and consistency of practices comes from two factors: organizational replication and the imperative for control (Rosenzweig and Singh, 1991). Organizational replication is the tendency of organizations to duplicate existing effective structures and procedures in a new environment (Bartlett and Ghoshal, 1989). The imperative for control requires that organizations standardize policies and procedures to reduce the complexity and uncertainty involved in controlling international operations (Westney, 1993). Therefore, the MNC is likely to spread its home-country advantage within the whole organization, resulting in similar practices across the organizational units. Following this logic, we suggest that:

Hypothesis 1. Better operational management practices in the MNC home country environment are associated with better practices in its subsidiary plants.

3.2. MNC allocation of organizational and human resources

MNC HQ leverage and use available resources to coordinate and control subsidiaries, provide relevant organizational knowledge for the subsidiaries' operations, and facilitate the development and implementation of subsidiary projects (Ambos and Mahnke, 2010; Dellestrand and Kappen, 2011, 2012). We focus here on two broad types of resources—organizational and human resources—that are likely to provide meaningful support to subsidiaries (Dellestrand and Kappen, 2011).

3.2.1. Organizational resources

There are various definitions of organizational resources. Barney's (1991) definition includes a firm's formal reporting structure and its formal and informal planning, controlling, and coordinating systems, as well as informal relations among groups within and outside the firm. Tomer (1981) argues that organizational capital is what a firm has incorporated regarding systems, procedures, structure, interpersonal and intergroup relationships within the organization, and their improvement to ensure its effectiveness and efficiency. Combining these two definitions, we define organizational resources as all *written procedures* (instructions, manuals, templates, etc.) and *trainings* that the HQ organizes within the MNC.

Written procedures, which contain codes of conduct about how employees should behave and solve everyday challenges, present one type of formalization of corporate values or practices. They are easy to share and transfer, as they are articulated in formal and systematic language (Jiménez-Jiménez et al., 2019) and present a way of encouraging and guiding employees' behavior across

"different political, social, and economic cultures" (Aaronson and Reeves, 2002: 6). Thus, the codification of practices makes them clear and guarantees uniformity and speed of implementation across organizational units (Secchi and Camuffo, 2020). Through such formalization of practices HQ is able to implement its decision-making power with strict routines, rules, and procedures (Ambos and Schlegelmilch, 2007; Bartlett and Ghoshal, 1989; Gupta and Govindarajan, 1991) and can coordinate and control the information outflow from HQ to the subsidiaries (Crespo et al., 2014). Thus, formalization makes for an easier, smoother, and more efficient governance of subsidiaries (Lunnan et al., 2019) and facilitates knowledge exchange (Gibson et al., 2019).

Written procedures also bring greater clarity to the operations of the MNC as a whole, with each subsidiary following the same rules and procedures. Importantly, they prevent the local environmental conditions from influencing the subsidiaries (Ghoshal and Nohria, 1989; Hannan and Freeman, 1977). In fact, better-performing firms in complex environments—such as the environments in Western Balkan countries—rely more on formalization (Ghoshal and Nohria, 1989). Thus, using written procedures to overcome undesirable influences from the local environment may be particularly important for managing subsidiary plants in the Western Balkan context. For example, since this region is known for a high level of corruption and nepotism, hiring and promotion decisions may be based less on merit than on familial and political connections (Transparency International, 2016). Due to these local influences, it may be especially beneficial to have clearly written rules in order to ensure the implementation of desired best practices. Therefore:

Hypothesis 2. Written procedures made available from HQ moderate the positive relationship between an MNC's home-country operational management practices and practices in the subsidiary plant, such that this relationship is stronger when the extent of written procedures is high.

MNCs recognize training as an important instrument for both socialization and control of subsidiaries (Harzing, 2001). Since trainings serve goals related to the successful operation of the company, they would appear to be instruments to improve how subsidiaries implement MNC management practices (Barber, 2004). For example, trainings can increase employees' ability to "interpret, understand, and learn new practices more efficiently" (Zhou et al., 2020: 5). This is especially important in the Western Balkans, where there is a lack of good vocational education and practical understanding of the tasks, both of which equip students with essential functional skills to enter the workforce (OECD, 2020). Evidence from MNC subsidiaries in transition economies indeed indicates that they train their employees to a greater extent than do subsidiaries in developed economies, to overcome the challenges of the educational system (Björkman et al., 2007).

Through trainings, MNCs can not only directly improve the skills and abilities of subsidiary employees, but also foster the employees' socialization into the common MNC culture (Cicekli, 2011), making it easier to transfer knowledge (Zeng et al., 2018). The personal interaction that occurs during trainings can increase subsidiary managers' identification with the global organization as well as their understanding of corporate goals and values (O'Donnell, 2000). Furthermore, trainings can improve the managers' knowledge of the organizational culture, helping the managers to execute their task more effectively (Jiang et al., 2012). Through increased interaction, subsidiary managers have a better understanding of the practices they need to implement and are more likely to engage in cooperative behavior. At the same time, the HQ can obtain a clearer sense of where it needs to pay more attention in the implementation process and provide additional help, if obstacles from the local environment arise. Thus:

Hypothesis 3. Trainings moderate the positive relationship between an MNC's home-country operational management practices and practices in the subsidiary plant, such that this relationship is stronger when the number of trainings is high.

3.2.2. Human resources

We define human resources as employees sent from the HQ to subsidiaries for a certain period, whose job is to implement MNC policies, enact direct or indirect control over the subsidiary, and bring additional understanding of the subsidiary's local environment to the HQ. Therefore, we concentrate on the assignments of *expatriates*, *short-term assignees*, and *business travelers*.

Expatriates are defined as employees, who work overseas for 12 months or more to complete a task or accomplish an organizational goal (Shaffer et al., 2012). In most cases, they are MNC home-country assignees who hold top management positions or key positions in functional departments of a subsidiary (Harzing, 2001). Edström and Galbraith (1977) identify three reasons for the use of expatriate managers and their roles: to fill particular positions, develop managers, and develop organizations. In their organizational development role, MNCs use expatriates as a mechanism to coordinate and control the implementation of MNC strategy, socialize local employees into the corporate culture, and transfer knowledge (Kraimer et al., 2016).

In their review of 20 years of research on global work experiences, Shaffer et al. (2012) identify managerial control as a central purpose of expatriate assignments. Expatriates behave as agents of control, both directly and indirectly. Their assignments may give them formal authority to implement policies and procedures (Harzing, 2001) and to ensure that these are applied consistently throughout the MNC (Reiche et al., 2019). Expatriates can also be an effective way to achieve informal control through socialization, informal communication networks, and intra-organizational boundary spanning (Harzing, 2001; Schotter et al., 2017). Such informal coordination and control mechanisms have become prominent in MNCs as a way to more effectively manage their operations in today's dynamic global environment (Kostova et al., 2016).

Another function of expatriates is to disseminate knowledge from the HQ to the subsidiary (Chang et al., 2012; Fang et al., 2010; Kraimer et al., 2016). Expatriates are well positioned for this role for two main reasons. Holding key managerial positions in subsidiaries, they have valuable local knowledge and a good understanding of potential barriers to knowledge transfer in the subsidiary environment (Beaverstock, 2002). They also have close ties to the HQ and have deep understanding of MNC practices, having often been involved in defining and formalizing these management practices (Oddou et al., 1995). Thus, expatriates can ensure that subsidiaries understand the practices and can implement them in the most appropriate way, taking into account each subsidiary's

particular environment (Ahlvik et al., 2016).

However, the cultural environment in the Western Balkans, which is characterized by a relatively high degree of collectivism, reflected in closed group ties and suspicion against culturally different others (Hofstede et al., 2010), can pose challenges for expatriates. Specifically, their "foreignness" is likely to position them outside of the subsidiary employees' "in-group" (Sonesh and DeNisi, 2016). This outsider status can make it difficult to engage informally with local staff and can hinder their ability to transfer desired practices (Stoermer et al., 2021).

Despite the challenges, taking together all expatriate functions related to organizational development (i.e., control, coordination, socialization, and knowledge transfer), it is reasonable to expect that expatriates are a powerful resource for facilitating the implementation of desired practices. That is, allocating a greater number of expatriates to the subsidiary plants in the Western Balkans can help ensure that best practices from the MNC home-country environment are implemented and adopted. Thus, we hypothesize that:

Hypothesis 4. Expatriates sent to a subsidiary plant moderate the positive relationship between an MNC's home-country operational management practices and practices in the subsidiary plant, such that this relationship is stronger when the number of expatriates is high.

Over the past two decades, there has been a trend towards non-standard international assignments and global work arrangements: e.g., short-term, business travel, commuter, and virtual assignments (Collings and Isichei, 2018; KPMG International, 2020; Reiche et al., 2019). These alternatives to the traditional international assignment are becoming a popular way to avoid the high costs of long-term expatriation and the difficulty of finding employees willing to relocate (Collings and Isichei, 2018). Organizations can use a mix of international assignment types (Welch et al., 2007) and combine them according to the organization's specific needs (Duvivier et al., 2019). Based on informative interviews with plant managers who helped us develop our survey, we identified two types of "non-standard international assignments" typically used in manufacturing plants in the Western Balkans: short-term assignees (STAs) and business travelers. STAs are employees on short international assignments that last from a few weeks to a year (Shaffer et al., 2012). On the other hand, business travelers take multiple international trips to various countries and remain there for about a week (Shaffer et al., 2012).

STAs and business travelers represent important types of human resources that may deepen "the integration and assimilation of best practices across the MNC" (Jooss et al., 2020: 23). Like long-term expatriates, they engage in training local staff and act as boundary-spanners between MNC units (Bozkurt and Mohr, 2011; Duvivier et al., 2019). On the other hand, these types of alternative assignments provide HQ with certain flexibility in controlling and coordinating subsidiaries that is not possible by relying only on traditional expatriates. In particular, unlike with long-term expatriation, the use of short term and business travel assignments allows MNCs to more frequently send employees to subsidiaries and to do so with a greater range of subsidiaries. Bozkurt and Mohr (2011) found that short term assignments (STAs) and business travelers were able to form cross-unit social ties with a larger number of subsidiaries, compared to expatriates. Moreover, frequent visits from business travelers can also be used to sustain and strengthen the connection between HQ and subsidiaries (Jooss et al., 2020).

Despite these advantages, both STAs and business travelers may face similar challenges as expatriates in the collectivistic Western Balkan context, since these types of international assignees may also be viewed as outsiders and may have difficulties forming close relationships with local employees (Tahvanainen et al., 2005). Furthermore, unlike expatriates, they have a more limited understanding of the subsidiary's local environment, since their assignments are short and tend to be project-specific and task-oriented (Tahvanainen et al., 2005). Such a superficial understanding of the local context may be inadequate when it comes to overseeing and coordinating activities in the complex environment of the Western Balkans.

Nevertheless, STAs and business travelers are a good alternative to expatriation in the Western Balkans, as a negative image associated with developing economies makes it especially difficult to find expatriates willing to relocate to such countries for a longer period of time (De Eccher and Duarte, 2018). Following and recognizing the strategic value of alternative assignments (Jooss et al., 2020), we suggest that, by sending more STAs and ensuring more frequent visits from business travelers, HQ can foster similar practices between the MNC home country and the subsidiary plant. Thus,

Hypothesis 5a. STAs sent to a subsidiary plant moderate the positive relationship between an MNC's home-country operational management practices and practices in the subsidiary plant, such that this relationship is stronger when the number of STAs is high.

Hypothesis 5b. Visits from business travelers to a subsidiary plant moderate the positive relationship between the MNC's home-country operational management practices and practices in the subsidiary plant, such that this relationship is stronger when the number of visits is high.

4. Methods

4.1. Data collection procedures and sample

4.1.1. Phase 1

We collected data on Bosnian, Croatian, North Macedonian, and Serbian manufacturing subsidiaries of foreign MNCs with HQ in Europe, the U.S., and Asia between March and May in 2019. We defined the relevant population as all subsidiary plants located in the above-mentioned Western Balkan countries, which were in the manufacturing industry (SIC 2000–3999), had foreign ownership of at least 51%, and had more than 50 employees. There were 606 foreign MNC manufacturing plants in the ORBIS database (accessed on March 30, 2019) satisfying these criteria: 106 plants in B&H, 143 in Croatia, 293 in Serbia, and 64 in North Macedonia. Although

ORBIS's coverage is continuously being improved, it is not an exhaustive source of all companies in a given country (Ribeiro et al., 2010). Nine additional plants satisfying our selection criteria but not listed under ORBIS participated in our study. We used structured questionnaires (i.e., surveys) given to company representatives to capture our dependent variable (i.e., subsidiary plant operational management practices), moderators (i.e., human and organizational resources), and some of our control variables. For our independent variable (i.e., MNC home-country operational management practices) and the remaining control variables, we used secondary data sources.

To conduct the survey, we sent emails to all subsidiary plants represented in ORBIS that fulfilled our sampling criteria. We used the email addresses provided in ORBIS or, in cases where these were not available, we used the emails listed on the company website. Through this approach, only 3 companies took part in the study. To achieve better participation, following the widely applied "key-informant approach" (De Cieri and Dowling, 1999), we then directly contacted the leading plant managers. These were CEOs, plant production and operations managers, or others in similar positions who are close to the day-to-day operations but are also senior enough to have an overview of management practices (Bloom and Van Reenen, 2007). We approached all plants for which we could identify one or more high-level managers with a LinkedIn profile, and we contacted them via LinkedIn messages written in their respective languages. We were careful to include subsidiary plants from all regions in a given country.

In all cases, we tried to approach at least two managers per plant. Specifically, we approached managers from 163 plants listed in ORBIS (out of 606). Through personal contacts of our research assistants and through national databases (e.g., https://digitalnakomora.hr; http://apr.rs) we identified 8 additional plants that were not listed under ORBIS. Managers from all 8 of these plants participated in our study. Additionally, managers who had already taken part in our survey referred us to others from their professional network who held managerial positions in other plants. Through referrals, we contacted the managers from 32 more plants, who all took part in the study. One of the plants identified through this referral approach was not listed under ORBIS. In the end, combining all of our data collection approaches, we had a final positive response rate of 21% ($n = 129$) out of 615 contacted plants. For 74 of the plants in our sample, we had one participating manager, and for 55 of the plants, we had two participating managers.[1]

Our final sample comprises 129 plants, 120 of which represent 19.8% of the 606 plants listed in ORBIS, plus 9 additional plants satisfying our criteria. In our final sample, we had 24 plants in B&H, 34 in Croatia, 57 in Serbia, and 14 in North Macedonia. In all cases, we had one plant per MNC. For 83 plants the HQ was in Western and Northern Europe (Austria, Belgium, Denmark, France, Germany, the Netherlands, Italy, Switzerland, Sweden, and the U.K.), 25 had HQ in CEE and Southern Europe (B&H, Croatia, Cyprus, Greece, Hungary, Russia, Serbia, Slovakia, and Slovenia), 10 in the U.S., and 11 in Asia (China, India, Indonesia, Israel, Japan, South Korea, and the United Arab Emirates). Plants had on average 502 employees. The average manager's age in our sample was 38.5 years, while the average plant age was 37.7 years. More details about our sample are available in Appendix A (for plants) and Appendix B (for managers).

An online survey was the main tool for administering the questionnaire, complemented by a downloadable and printable version. Prior to distributing the survey, we had discussions with two expert informants from the Western Balkans to ensure the appropriateness of our measures, and then modified it accordingly. We provided the participating plant managers a survey link to the questions in their local language. Questionnaires were available in Serbo-Croatian (with slight dialect differences for Serbia, Croatia, and B&H), Macedonian, and English. The English version was used only in one case, when the participant did not speak the local language. We translated the Macedonian and Serbo-Croatian questionnaires directly from the English one, and had a person fluent in all three languages (including in business terminology) verify the comparability of the final versions. The survey questions (in English) are available in Appendix C.

To minimize threats from social desirability, we ensured participants of confidentiality (Nell and Ambos, 2013); we also stated at the beginning of the questionnaire that successful factories have different management practices and that there are no right or wrong answers (Bloom and Van Reenen, 2007). In the initiative stage, we introduced the survey as part of a study that would not discuss the firm's financial position or its accounts, thereby making it relatively non-controversial for managers to participate. As an incentive for participation, we offered a summary of the main findings and a benchmarking comparison.[2]

4.1.2. Phase 2

In the second research phase, we contacted some plant managers who participated in the first phase for in-person follow-up interviews. These interviews served two purposes: they (1) allowed us to assess the level of agreement between questionnaires and

[1] In the case when we had data from two managers, the answers from the more senior ones were used for the HQ resources variables (i.e., organizational and human resources) and for information about their plant profiles, since we expected that they had a better general overview of the situation in their plants. We used the answers of less-senior managers for our dependent variable (i.e., operational management practices in the subsidiary plant) and their personal data for control variables, since the questions about management practices were more subjective than those about HQ resources and plant profiles. We performed an independent samples *t*-test and compared means between management practices scores from the two managers from the same plant. The difference between their scores was not significant ($p = 0.26$), suggesting that there were no large variations in dependent variable scores obtained from different managers from the same plant.

[2] With all data collected through surveys, there could be a potential threat to the validity of the results due to common method bias (Podsakoff et al., 2003). However, since we used secondary data to assess our independent variable, and most of our hypotheses concern interaction effects, common method bias is unlikely to lead to parameter inflation and biased findings (Siemsen et al., 2010). Additionally, we divided questions measuring the dependent and moderating variables into separate blocks and did not permit respondents to go back to the previous block to change their answers, thereby establishing methodological separation of our constructs (Podsakoff et al., 2003). Finally, the moderating variables were fairly objective and did not ask participants to provide their opinions and evaluations.

interviews regarding management practices scores, and (2) helped us identify additional aspects that we could not address through a survey format. We identified key institutional environment attributes that were relevant for the implementation of operational management practices as well as a range of other contextual issues. We discuss these insights in our discussion section.

The leading author conducted all interviews between May 15 and June 14, 2019. Our aim was to interview managers of approximately 10% of the surveyed plants that participated in the first phase. We contacted 18 managers, and 4 of them declined to participate due to time constraints. We first approached 10 of the managers who seemed most interested in our project and who showed initiative to share additional insights when they were contacted for the survey. The rest were selected based on the convenience of the planned interview trip in the relevant countries. As a result, we interviewed 14 managers (10.8% of the surveyed plants; 4 in B&H, 4 in Croatia, 4 in Serbia, and 2 in North Macedonia).

Following the original Bloom and Van Reenen (2007) procedure for rating operational management practices, we asked interviewees to discuss the practices in their plants. We adopted the "double-blind" approach, where our research assistants scheduled the interviews and the interviewer did not know the firms' performance prior to the interview. In addition, plant managers were not informed that their answers were being scored. In contrast to the Bloom and Van Reenen phone-interview approach, we conducted in-person interviews at the plant, allowing us to observe the manufacturing processes and the work environment.

Interviews had a semi-structured flow using open-ended questions. The discussion continued until the interviewer was able to evaluate the plant's practices based on direct answers and examples given by plant managers and then rank them from 1 ("worst practice") to 5 ("best practice"). For example, when interviewees were asked how their plant identifies and develops their star performers, if managers shared that senior positions are staffed with people who have worked for a long time in the plant—without consideration of their performance—and that employees were promoted purely based on tenure, their answer was ranked as 1 (worst practice). In contrast, when managers gave examples of top performers having been promoted and rewarded purely based on their performance and stated that the company had talent or leadership development programs, their answer was ranked as 5 (best practice). The operational management practices scores we obtained from these interviews had a 0.72 correlation with the scores from our survey questionnaires, which is in line with the 0.73 correlation cited in Bloom and Van Reenen (2007) between the first and second repeated interview conducted in the same firm.

4.2. Measures

4.2.1. Dependent variable

Subsidiary operational management practices is the average score of four different management practices (i.e., operations management, performance monitoring, target setting, and talent management) assessed from 1 ("worst practice") to 5 ("best practice") and measured with 18 questions (Bloom et al., 2012b; Bloom and Van Reenen, 2007) via our survey questionnaire (see Appendix C for more details). The management practices measure was previously validated as an overall construct (Bloom and Van Reenen, 2007), and in our sample had Cronbach's alpha of 0.88.

4.2.2. Independent variable

We obtained *MNC's home-country operational management practices* from the WMS (Bloom and Van Reenen, 2007). These are the average management practice country scores (on a scale of 1–5) of a country of origin of a global HQ. In our survey questionnaire, we asked subsidiary plant managers to indicate the location of their HQ, as this information was not provided on ORBIS for all plants. We then checked the accuracy of these answers using company websites. The WMS practices scores are based on more than 10,000 interviews with plant managers in 33 countries around the world. The exact values existed for 10 countries of origin of the HQ of our surveyed plants (74 plants). For the rest 55 plants from 17 countries, we used proxy country scores (see Appendix D).

4.2.3. Moderating variables

We measured all moderating variables via our survey questionnaire. To assess the extent of *written procedures*, we asked managers about the extent to which procedures, instructions, manuals, templates, and all other written methods for management processes were available from their corporate or regional HQ. This was a 5-point Likert-type scale from "not at all" (= 0) to "all needed procedures in all fields are available" (= 4). To capture the number of *trainings*, managers had to provide the number of trainings and seminars that their HQ organized for them and their colleagues from the plants in the last three years, either in the HQ or in another subsidiary abroad. The number of *expatriates* was measured by asking managers about how many expatriates HQ sent to their plant in the last three years (e.g., Delios and Bjorkman, 2000). Similarly, managers provided the number of *short-term assignees* (STAs) sent to their plant in the last three years for a duration longer than three weeks and shorter than a year. Finally, *business travelers' visits* were captured by asking managers to indicate how often on average HQ sent business travelers to their plant in the last three years, ranging from "less often than every half a year" (= 1) to "once a week" (= 5). There was an option to select "not applicable," in case there were no business travelers at all in this period, but we had no such cases.

4.2.4. Control variables

We controlled for subsidiary size (Perri et al., 2013) as captured by the number of subsidiary employees, as well as for subsidiary age, measured by the number of years the plant has been operating at the current location (Perri et al., 2013). Data for these variables were taken from ORBIS. For the 9 plants in our sample not listed in ORBIS, or in the few cases when ORBIS did not include these data for some plants, we obtained the information from national company databases or by asking the participating managers. We also controlled for industry competition, measured as a logarithmic transformation of the number of competitors in their field and country,

Table 1
Descriptive statistics and correlation matrix.

	Variable	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1	DV: Subsidiary operational management practices	3.64	0.67																		
2	MNC home country operational management practices	3.07	0.18	0.20*																	
3	Written procedures	2.91	0.88	0.39*	0.08																
4	Trainings	3.12	4.24	0.21*	0.02	0.21*															
5	Expatriates	2.43	6.13	−0.05	0.01	0.10	0.03														
6	STA	2.82	4.76	−0.05	0.12	−0.01	0.06	0.42*													
7	Business travelers' visits	2.47	1.33	0.03	−0.14	−0.02	−0.00	0.06	−0.05												
8	Plant size	502.11	832.05	0.03	−0.01	0.14	−0.05	0.05	0.13	0.14											
9	Plant age	37.63	41.81	0.14	−0.15	0.10	0.03	0.03	0.07	−0.08	0.10										
10	Number of competitors (ln)	9.51	24.15	0.02	0.00	−0.01	0.03	0.07	0.05	0.02	−0.03	0.07									
11	M&A	0.29	0.45	0.05	0.00	−0.02	0.06	−0.07	0.01	0.02	0.00	0.39*	0.23*								
12	HQ in CEE transition country	0.05	0.21	0.00	−0.23*	0.11	−0.12	−0.05	−0.05	0.01	0.02	0.29*	0.06	0.02							
13	Macedonia	0.11	0.31	0.11	0.10	−0.02	0.06	−0.03	0.08	0.01	0.04	0.23*	−0.07	−0.17	0.04						
14	B&H	0.19	0.39	−0.03	−0.06	0.00	−0.13	−0.04	−0.13	0.10	−0.12	−0.05	−0.01	−0.04	−0.01	−0.17					
15	Croatia	0.26	0.44	0.01	0.10	−0.02	−0.09	0.06	0.03	−0.16	−0.07	0.25*	−0.03	0.28*	0.12	−0.21*	−0.29*				
16	Serbia	0.44	0.50	−0.05	−0.11	0.03	0.14	−0.01	0.03	0.05	0.13	−0.33*	0.08	−0.12	−0.12	−0.31*	−0.43*	−0.53*			
17	High-tech industry	0.30	0.46	0.20*	0.15	0.27*	0.09	−0.02	−0.09	0.02	0.16	−0.20*	−0.19*	−0.16	−0.07	0.10	0.08	−0.13	−0.01		
18	Buyer-driven industry	0.29	0.46	−0.10	−0.08	−0.07	−0.19*	0.05	0.05	−0.10	0.03	0.00	−0.01	−0.15	0.02	−0.01	−0.05	0.04	0.01	−0.43*	
19	Producer-driven industry	0.40	0.49	−0.09	−0.06	−0.19*	0.09	−0.03	0.03	0.07	−0.18*	0.19*	0.19*	0.28*	0.04	−0.08	−0.03	0.08	0.00	−0.54*	−0.53*

* $n = 129$. Correlation is significant at the 0.05 level (2-tailed).

estimated by the survey participants (Makadok, 1998).

We included several dummy variables in our analysis. First, industry-effects were accounted for through the introduction of two industry dummy variables, based on the industry codes available in ORBIS or by manually searching for the relevant industries for the plants that were not listed in ORBIS. Following Chen et al. (2004), we split subsidiaries into three groups: high-tech industries, covering electrical and electronics, machinery, and precision instrument sectors; producer-driven industries (chemicals, basic metals, metal products, and non-metal mineral sectors); and buyer-driven industries (textiles, food, paper, wood products, and leather sectors). We had 38–52 plants per industry group (38 for producer-driven industries, 39 for high-tech industries, and 52 for buyer-driven industries). We also included country dummy variables for the location of the surveyed plants (Bloom and Van Reenen, 2007) and a dummy variable indicating whether the plant was sold through a merger and acquisition (M&A) transaction in the past (Jindra et al.,

Table 2
Results of OLS regression models—dependent variable: subsidiary operational management practices*

Variables	Model 1		Model 2		Model 3		Model 4		Model 5		Model 6	
	b (SE)	*p-value*	*b (SE)*	*p-value*	*b (SE)*	*p-value*	*b (SE)*	*p-value*	*b (SE)*	*p-value*	*b (SE)*	*p-value*
H1: MNC home country operational management practices	0.68	0.045	−1.18	0.208	0.25	0.477	0.58	0.098	0.67	0.092	0.68	0.304
	(0.34)		(0.93)		(0.36)		(0.35)		(0.39)		(0.66)	
Written procedures	0.25	0.001	−1.88	0.082	0.26	0.001	0.26	0.001	0.25	0.001	0.25	0.001
	(0.07)		(1.07)		(0.07)		(0.08)		(0.07)		(0.07)	
Trainings	0.02	0.227	0.02	0.169	−0.38	0.110	0.02	0.273	0.02	0.240	0.02	0.225
	(0.02)		(0.02)		(0.23)		(0.02)		(0.02)		(0.02)	
Expatriates	−0.01	0.243	−0.01	0.368	−0.01	0.248	−0.21	0.232	−0.01	0.238	−0.01	0.249
	(0.01)		(0.01)		(0.01)		(0.18)		(0.01)		(0.01)	
STA	−0.01	0.602	−0.01	0.503	−0.01	0.525	−0.01	0.472	−0.02	0.941	−0.01	0.606
	(0.01)		(0.01)		(0.01)		(0.01)		(0.29)		(0.01)	
Business traveler (BT)'s visits	0.05	0.360	0.05	0.311	0.04	0.396	0.05	0.325	0.05	0.363	0.05	0.952
	(0.05)		(0.05)		(0.05)		(0.05)		(0.05)		(0.77)	
H2: MNC home country practices X Written procedures			0.69	0.047								
			(0.34)									
H3: MNC home country practices X Trainings					0.13	0.091						
					(0.07)							
H4: MNC home country practices X Expatriates							0.07	0.248				
							(0.06)					
H5a: MNC home country practices X STA									0.01	0.956		
									(0.09)			
H5b: MNC home country practices X BT's visits											−0.00	0.999
											(0.25)	
Plant size	−0.00	0.436	−0.00	0.480	−0.00	0.401	−0.00	0.474	−0.00	0.436	0.00	0.433
	(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)	
Plant age	0.00	0.095	0.00	0.102	0.00	0.072	0.00	0.078	0.00	0.096	0.00	0.095
	(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)	
Number of competitors (ln)	0.00	0.578	0.00	0.817	0.00	0.434	0.00	0.679	0.00	0.582	0.00	0.582
	(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)	
M&A	−0.01	0.965	0.01	0.953	−0.02	0.931	−0.01	0.955	−0.01	0.965	−0.01	0.966
	(0.19)		(0.19)		(0.18)		(0.19)		(0.19)		(0.19)	
HQ in CEE Transition country	−0.10	0.739	0.01	0.984	−0.19	0.536	−0.13	0.667	−0.10	0.735	−0.10	0.740
	(0.30)		(0.32)		(0.31)		(0.30)		(0.30)		(0.30)	
B&H	−0.14	0.387	−0.11	0.467	−0.11	0.479	−0.12	0.473	−0.14	0.392	−0.14	0.388
	(0.16)		(0.16)		(0.16)		(0.16)		(0.17)		(0.17)	
Croatia	−0.10	0.579	−0.05	0.774	−0.06	0.738	−0.09	0.598	−0.09	0.583	−0.10	0.586
	(0.17)		(0.17)		(0.17)		(0.17)		(0.17)		(0.17)	
Serbia	−0.11	0.449	−0.09	0.526	−0.08	0.566	−0.10	0.501	−0.11	0.459	−0.11	0.451
	(0.15)		(0.14)		(0.15)		(0.15)		(0.15)		(0.15)	
High-tech industry	0.14	0.330	0.12	0.415	0.14	0.340	0.14	0.335	0.14	0.333	0.14	0.334
	(0.14)		(0.14)		(0.14)		(0.14)		(0.14)		(0.14)	
Buyer-driven industry	−0.03	0.834	−0.05	0.761	−0.03	0.838	−0.01	0.930	−0.03	0.838	−0.03	0.836
	(0.16)		(0.16)		(0.16)		(0.16)		(0.16)		(0.16)	
Constant	0.69	0.518	6.39	0.031	1.96	0.075	0.95	0.376	0.73	0.549	0.69	0.741
	(1.06)		(2.92)		(1.09)		(1.07)		(1.21)		(2.07)	
R^2	0.25		0.27		0.27		0.25		0.25		0.25	
ΔR^2			0.02		0.02		0.00		0.00		0.00	
F	4.02	0.000	3.88	0.000	4.15	0.000	3.81	0.000	3.81	0.000	3.75	0.000

* n = 129.Unstandardized coefficients (b) with robust standard errors (SE).

2009), which was assessed through our survey. Finally, we used a dummy variable indicating whether the HQ was located in a CEE transition country (Bloom et al., 2012b), capturing institutional and cultural closeness between the HQ and the plant. Subsidiaries with HQ from the region were expected to have more visits from their HQ and also a better understanding of the business practices in the region.

5. Results

Table 1 presents the descriptive statistics and the correlation matrix. Moderate to low correlation values across most independent variables (see Table 1) and Variance Inflation Factor (VIF) indices with values less than 5 suggest that multicollinearity did not seriously affect our results. We ran ordinary least squares (OLS) regression with robust standard errors to test our four hypotheses (see Table 2). We first included the control variables plus all the main effects (Model 1) and then added each individual moderating effect in Models 2 to 6.

With regard to our first hypothesis, that better operational management practices in the MNC home-country environment will be associated with better practices in their subsidiary plants, we indeed found a significant and positive relationship ($b = 0.68$, $SE = 0.34$, $p = 0.045$ in Model 1). Thus, Hypothesis 1 was supported.

Hypothesis 2 proposed that the extent to which written procedures are available from HQ positively moderates the relationship between the MNC home-country operational management practices and practices in the subsidiary plant. This moderating effect was significant ($b = 0.69$, $SE = 0.34$, $p = 0.047$ in Model 2). To further interpret this effect, we plotted the results of the interaction (see Fig. 2) and conducted a simple slope analysis (Aiken and West, 1991). When the number of available written procedures is high (+1 *SD*), the relationship between the MNC home-country operational management practices and management practices in their subsidiary plants was positive and significant ($b = 1.44$, $p = 0.007$). This relationship was also positive, but not significant when the extent of written procedures was low (−1 *SD*) ($b = 0.22$, $p = 0.540$). Thus, Hypothesis 2 was supported.

Hypothesis 3, about the moderating effect of trainings on the positive relationship between the MNC home-country operational management practices and management practices in the subsidiary plant, failed to reach significance at the 0.05 *p*-value level, but was significant below the 0.10 level ($b = 0.13$, $SE = 0.07$, $p = 0.09$ in Model 3). Plotting the regression coefficients (Fig. 3) shows that, when the number of trainings is high (+1 *SD*), the relationship between the average MNC home-country operational management practices and management practices in their subsidiary plants was positive and significant ($b = 1.20$, $p = 0.014$). This relationship was positive, but not significant when the number of trainings was low (−1 *SD*) ($b = 0.10$, $p = 0.799$).

Contrary to our expectations for Hypotheses 4 and 5—that the number of expatriates, STA, and visits of business travelers sent from a HQ to a subsidiary plant positively moderates the relationship between MNC home-country management practices and practices in subsidiary plants—we found no significant effect for this moderation (see Model 4 for Hypothesis 4, Model 5 for Hypothesis 5a, and Model 6 for Hypothesis 5b).

We ran robustness checks with additional controls. First, we ran our models with personal controls, including the manager's position (seniority), logarithmic transformation of the number of years that managers worked in the plant, and the managers' gender and age. Next, we checked for noise controls, such as survey duration, day of the week, and time of the day when the survey was conducted. Finally, we ran our original model with both types of additional controls. Our results were stable in all cases and are available upon request.

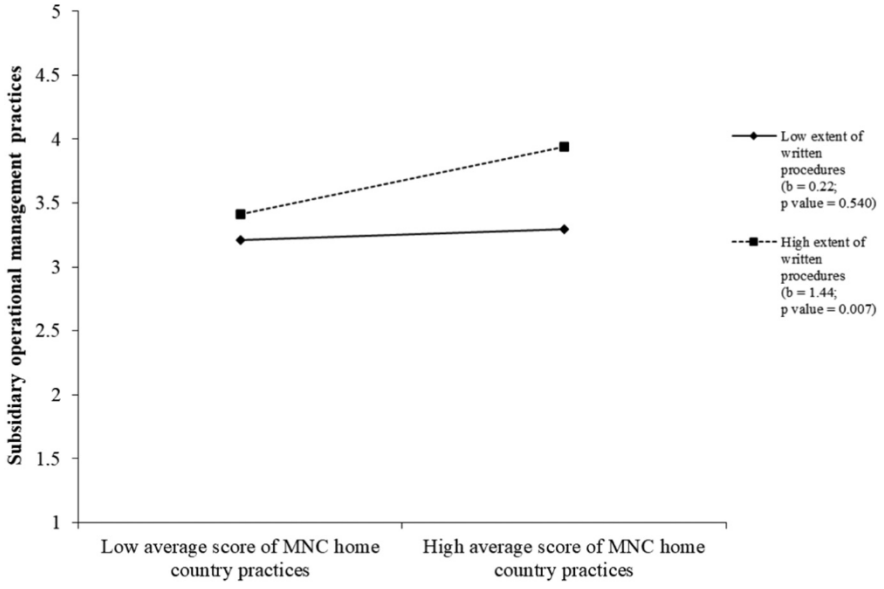

Fig. 2. Moderating effect of written procedures.

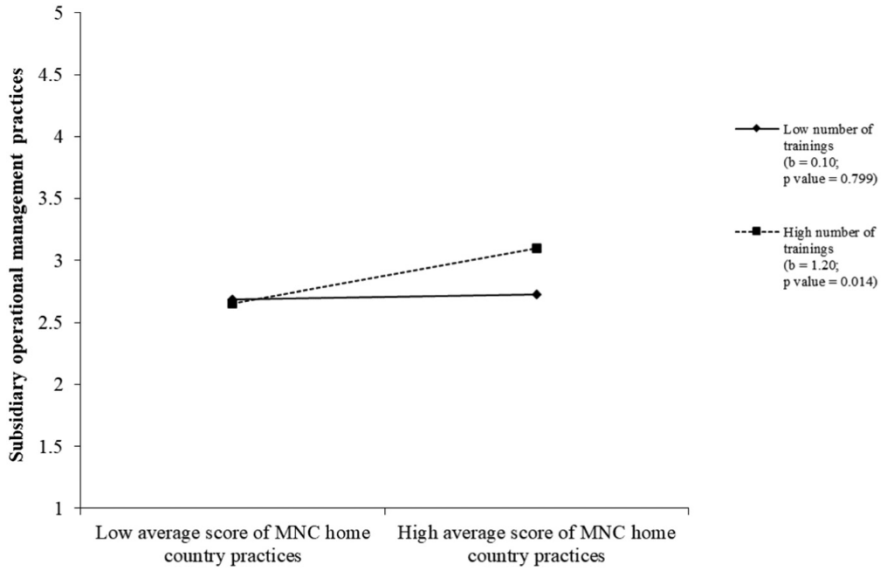

Fig. 3. Moderating effect of trainings.

Additionally, we conducted DFBETA test, which measures each observation's effect on each regression coefficient, by showing the difference between the regression coefficients when an observation is either included in or excluded from the model (Mehmetoglu and Jakobsen, 2016). We found no unit with a value larger than two, which suggests that there was no unit that had too much influence on that particular variable (Belsley et al., 1980). However, we also produced a box plot and found two observations that stood out (both of them for the number of expatriates). Excluding these two observations in our robustness checks does not change our results.

6. Discussion

Our study indicates that, when it comes to operational management practices—i.e., a broad set of best practices—MNC subsidiaries in the Western Balkans are likely to utilize practices similar to those that are dominant in the MNC home-country environment. This finding partly complements and partly contradicts existing literature that has examined MNCs from developed economies and has focused on function-specific, rather than broad, management practices. In particular, our findings are in line with previous research showing that MNC home-country practices correlate with the practices in their overseas subsidiaries (e.g., Collings, 2003; Wang et al., 2009; Yu et al., 2007). Some studies (e.g., Almond et al., 2005; Tüselmann et al., 2006; Zhu et al., 2014) are only partially in line with our results, showing that subsidiary practices are generally dissimilar to their parent's, but that they still reflect the common MNC home country management ethos and philosophy, such as attitude towards employee relations and employment behavior. Hurt and Hurt (2005), on the other hand, found that MNCs experienced difficulties in reproducing their model of human resource management practices in the transitional Polish setting. However, they examined the retail industry, which faces unique challenges when it comes to practices implementation (Malhotra and Hinings, 2010).

We also find that the extent to which the MNC provides organizational resources (i.e., written procedures and trainings) facilitates the alignment between MNC home-country operational management practices and practices in the Western Balkan subsidiaries. This effect was stronger for written procedures. This is in line with previous studies that found formalization through written procedures and routines to be an integration mechanism within the MNC (Palmié et al., 2016) and to facilitate knowledge transfer (Jansen et al., 2006; Palmié et al., 2016; Zeng et al., 2018). In addition, when it comes to lean manufacturing—i.e., a type of operational management practice—Secchi and Camuffo (2020) found that the implementation of lean manufacturing is less likely to fail when it is supported by appropriate codification. While the moderating effect of trainings was only marginally significant, they may also be an effective tool that MNCs have at their disposal. Like us, past studies show that trainings can foster subsidiary employees' ability to interpret and understand new practices (Fey et al., 2009; Minbaeva et al., 2003; Zahra and George, 2002; Zhou et al., 2020).

Contrary to our expectations, we found that human resources—namely expatriates, short-term assignees, and business travelers' visits—do not play a role in transferring operational management practices. This is in contrast to previous research that has found expatriates as instrumental in facilitating alignment between MNC and subsidiary practices (Ahlvik et al., 2016). There may be several reasons for these results.

It is possible that our findings are specific to the Western Balkan context. While Ahlvik et al. (2016) found expatriate assignments to be useful for the transfer of practices, they did not examine subsidiaries in the Western Balkans, and other CEE countries were underrepresented in their sample. Insights from our manager interviews point to the possibility that expatriates, especially those from Western MNCs, may be ineffective, as they may be unable to understand the Western Balkan context and may not be accepted by local employees. Some plant managers mentioned that expatriates often acted superior to local managers, which led to conflicts. One of the

managers expressed:

"They think that they are better than us just because they come from Germany. I would like to see where they would be if they were born here and survived all that we did."

This example points to possible issues arising due to perceived cultural dominance. The greater power an HQ has relative to individual subsidiaries, especially when the HQ is located in an economically and politically powerful country, can result in HQ expatriates seeing themselves as superior to subsidiary employees (Levy and Reiche, 2018). As a result, it may be hard for expatriates to engage informally with local employees and fulfill their boundary-spanning and knowledge transfer role, as indicated by another plant manager:

"With them (expatriates) you can't be a friend, they are just too cold. So you are just colleagues, nothing more. And we are not used to that, we are one big family here and they constantly act like teachers who want to punish us when we don't do our homework."

This quote also highlights the collectivistic culture in the Western Balkans (Hofstede et al., 2010), where emphasis is put on forming strong interpersonal ties and preserving harmony among work colleagues. Such cultural environment may make it hard for expatriates and other international assignees to fit in and be accepted by local employees.

Furthermore, interviewees indicated that expatriates seemed to view their assignment to the Western Balkan subsidiaries only as a career step and a task they have to "survive" to climb the corporate ladder. As a result, they were not seen by local employees as genuinely trying to help the subsidiary improve. This observation is in line with past research suggesting that it is difficult to convince expatriates to accept assignments to developing countries (De Eccher and Duarte, 2018), which may translate to reduced motivation and performance during the assignment.

Thus, it is possible that the effectiveness of expatriate assignments and their alternatives (i.e., STAs and business travelers) varies depending on the region to which they are deployed. For example, Zaharie et al. (2019) find that, in the CEE region, expatriates are not in and of themselves effective in improving subsidiary performance. However, it is also possible that, regardless of the country context, allocating human resources is not necessary when it comes to facilitating the adoption and implementation of generic best practices. Operational management practices are usually easy to identify and articulate and are not organizationally specific (Wu et al., 2012). It is possible that these practices are akin to explicit management knowledge (i.e., knowledge that is easily transmittable through formalization and codification; Nonaka, 1994). Thus, allocating organizational resources through written procedures and trainings may be sufficient.

6.1. Contributions

This study has several important implications for the academic literature. First, while the Practice-Based View (PBV) is considered to have implications for a wide variety of research areas and theoretical perspectives (Bromiley and Rau, 2014), our study demonstrates the applicability of this perspective to the field of international business (IB) in general, and to the MNC literature in particular. Although PBV emphasizes that there are various reasons that lead firms to adopt certain management practices (Bromiley and Rau, 2016), the factors and processes that determine practice adoption are not entirely clear. This is especially the case when it comes to understanding the implementation of management practices within the MNC. Our study shows that, in the context of the MNC, management practices in subsidiaries closely resemble the common practices in the MNC home country.

Further, we provide greater clarity about the role of resource allocation to subsidiaries in facilitating practice adoption. Research on the best methods of transferring such practices, especially when it comes to educating host-country nationals about the MNC home-country operative routines is scarce (Hurt and Hurt, 2005). While it is theorized that better coordination and control of international operations reduces managerial complexity and favors standardization, we show that not all resources known for their coordination and control role are effective in such transfers. Our study emphasizes that the MNC has the ability to prevent its subsidiary plants from adopting the local practices and to steer them towards aligning with the practices of the MNC home country. This is especially important in countries known for having institutional issues and for generally non-favorable environments for the development of good operational practices, such as the Western Balkan ones.

Second, our finding that organizational resources may be more useful than international assignments for the adoption of best practices provides insights about the portfolio of resources MNCs can use to manage their dispersed units. Considering that expatriates and other alternative forms of assignments can be costly and challenging to manage (Collings and Isichei, 2018; Jooss et al., 2020), MNCs may welcome the ability to facilitate best practices in their subsidiaries by simply using written procedures and organized trainings. Furthermore, having to rely less on international assignments may become essential as the global environment, marked by crises and disruptions, becomes more turbulent, which makes it challenging to deploy human resources to globally dispersed subsidiaries (Caligiuri et al., 2020).

Third, our study offers valuable insights through a cross-fertilization between the relatively nascent PBV and the literature on MNC resource allocation (e.g., Ambos and Mahnke, 2010; Dellestrand and Kappen, 2011, 2012). The introduction of PBV to the strategy literature intended to spark a conversation about the benefits to firms of adopting management practices that are imitable and often available in the public domain (Bromiley and Rau, 2014). In doing so, the PBV was positioned in stark contrast to the dominant Resource-Based View (RBV; Barney, 1991), where only those activities and resources that are rare and hard to imitate are considered valuable for the firm. Like others (Hitt et al., 2016), however, our results suggest that PBV and RBV are complementary in that organizations can leverage their available value-adding resources in order to facilitate the successful implementation of best practices.

Our study also brings relevant contextual novelties. First, it is one of few within the IB literature that focuses on the Western Balkans (for a review see Jaklič et al., 2020). While CEE-related IB research has been gaining popularity in the last two decades, Western Balkan countries were left on the sidelines. Our study provides insights into the role of MNCs in disseminating best practices in a context that is

largely unexplored and at the same time can be particularly challenging. During our interviews, all plant managers identified similar obstacles to implementing operational management best practices. These were an inefficient public sector and local government, high bureaucracy, and the large informal economy. Managers also stressed the lack of a modern education system and labor issues, such as scarcity of qualified manual workers and highly skilled managers due to significant emigration, as well as inflexible labor laws.

Second, the IB literature, and CEE literature in particular, tend to focus on learning from Western MNCs (Gebrekidan et al., 2019). In contrast, our diverse sample of MNCs from a greater range of countries, spanning economies at different stages of development, helps us acquire a broader understanding. This is especially relevant to the Western Balkan setting due to the presence in the region of MNCs from diverse countries of origin.

Third, little is known about the adoption and transfer of a *broader set* of best practices. Most past research has looked at *function specific* practices (e.g., marketing: Birkinshaw, 2001; Paterson and Brock, 2002; human resource management: Chiang et al., 2017; Vo and Stanton, 2011; CSR: Durand and Jacqueminet, 2015). Therefore, our study brings valuable insights about the most effective ways to transfer the whole set of best practices, which is important in transitional countries, as this might be the most productive way to boost their economies and improve working standards.

Finally, our study provides important practical implications for managers and policymakers in the Western Balkans. According to the OECD (2009), the Western Balkan region is interesting for investors, as it has combined cost competitiveness with a favorable geographic position and is increasingly a key supplier of Western European markets. However, ongoing emigration and brain drain, a slowdown in reforms, and a weakening business climate are raising concerns about a continuation of this successful development and further investment (King and Oruc, 2019). At the same time, the Western Balkans face an issue common to all middle-income economies: pressure from countries with lower production costs, such as Asia and Latin America. To this end, our findings put extra emphasis on the importance of FDI, as foreign ownership is indeed an important source of improved practices, which, in turn, improve the relative standing of the Western Balkan manufacturing landscape vis-à-vis other countries. Policymakers may thus put extra effort into attracting such FDI.

Moreover, for policymakers and managers alike, our findings suggest that mere FDI is not enough to boost manufacturing practices. Instead, substantial further investment, particularly of organizational resources, is needed to maximize the implementation of best practices. Policymakers may highlight these issues to (potential) investors, and managers of MNCs may be able to reemphasize codifying best-practice knowledge instead of expecting that business travel, short-term assignees, or expatriates are able to get more out of the practices that exist elsewhere in the MNC (particularly the home country).

6.2. Limitations

Our study has several limitations. First, we did not collect longitudinal data. Thus, we cannot assess how management practices, and the effect of expatriates and their alternatives, change with time. Some previous studies show that the importance of expatriates in knowledge transfer and control varies with respect to the different growth stages of a subsidiary (e.g., Belderbos and Heijltjes, 2005), indicating the need for a temporal perspective. With our cross-sectional data we cannot catch different effects of expatriates at different subsidiary stages, and it might be that expatriates and their alternatives have a greater effect on the implementation of operational management practices when subsidiaries are young and have to develop their practices from the ground up.

Second, we only considered the influence of expatriates, STAs, business travelers' visits and trainings from the last 3 years, while some of these MNC resources might have previously made a significant impact on the management practices. In companies where HR departments track these resources over the long term (which was not the case in any of the plants we interviewed), this might be an interesting area for future research. Control and facilitating functions of expatriates and other alternatives may only be important when implementing management practices for the first time and may diminish as time passes. This could mean that they are relevant for the initial adoption but not for later improvements, which is in line with previous studies (e.g., Fang et al., 2010; Harzing, 2001), which found that the effect of knowledge transfer through international assignees disappears with time.

Third, we only collected survey data from subsidiary managers (combined with secondary data). Although the “key-informant approach” is widely applied (De Cieri and Dowling, 1999), the HQ perspective could provide additional insights. Involving HQ managers in our study would also be useful in getting HQ scores for management practices on the company level. In the current study, we used the average HQ home-country scores for management practices as an independent variable, but having company-level scores would allow for greater precision and may open new research avenues.

Fourth, our measures of operational management practices and MNC resources are partly subjective and, therefore, prone to bias. However, the chance of bias due to subjective measurement is usually low when it comes to objective issues such as ours (Spector, 1992). Our items reflect actual, objective operational management practices used in the plants and the number of resources that were transferred by the HQ, without asking questions about the subsidiary managers' perceptions of the usefulness and value added of these transfers and practices. Nevertheless, this and future research would benefit from using more objective measures of operational management practices.

Finally, even though the WMS questionnaire was previously used in transition countries (Bloom et al., 2012b), it is possible that it might not be fully applicable to the Western Balkans. During our interviews, managers indicated that other issues that were not listed in the questionnaire, such as, for example, the grey economy, present a major issue in the Western Balkans, specifically when it comes to employee compensation and tax evasion. For instance, even though North Macedonia had the highest scores for talent management practices, many plant workers were asked to return to their employers' mandatory paid holiday compensation (similar to 13th salary in Western European countries). Such practices would likely lead to a lower talent management score. However, the questions on the WMS survey did not address this issue.

6.3. Future research directions

Our study had a broad focus on the Western Balkan region, and thus we did not examine specific differences between countries. This approach is consistent with the PBV view, which stresses the importance of large-scale studies that can provide broader contributions (Bromiley and Rau, 2014). However, it is possible that country-specific factors, such as laws and labor regulations, may influence whether and to what extent the MNC home-country practices can be implemented in the subsidiary. Thus, we urge future research to incorporate differences across the Western Balkan countries and to test our model in other CEE countries. Furthermore, since Western Balkan countries are known for their diversity of FDI sources and country bilateral relations, we suggest that scholars should explore how factors like cultural or geographic distance to the MNC HQ as well as strength of bilateral relations with other countries may play a role in the transfer of practices.

Our study focuses on the role of MNC HQ resource allocation as a way to control, coordinate, and support subsidiaries. However, within each of these functions there is ample opportunity for future research to go deeper into the factors that help subsidiaries adopt MNC home-country practices. For example, the knowledge transfer literature can provide additional insights into the potential role of the subsidiary absorptive capacity in terms of local employees' ability and motivation to assimilate and apply MNC home-country practices (Minbaeva et al., 2014). Another research opportunity is to examine the factors that help international assignees become more effective in the transfer and implementation of operational management practices. It is possible that this task is easier when assignees have formed quality relationships with subsidiary employees (Bruning et al., 2012; Toh and DeNisi, 2007) or when they possess high cultural intelligence, which helps them act appropriately in different cultural contexts (Thomas et al., 2015). Cultural intelligence may be especially helpful for international assignees' effectiveness in culturally collectivistic societies (Stoermer et al., 2021), such as those of the Western Balkans. It may also be helpful to study the use of expatriates who are originally from the subsidiary country but have worked and lived in the MNC home country—a common case in the Western Balkans (Bešić and Ortlieb, 2019). As a result of shared background, it may be easier for such expatriates to connect with local employees and to understand the cultural and institutional context in the subsidiary country (Bešić and Ortlieb, 2019; Tung and Lazarova, 2006).

Finally, when it comes to providing greater contextualization for our findings, there is merit in examining specific challenges faced by Western Balkan countries. As our interviewees indicated, there are multiple obstacles to improving practices in their plants, such as bureaucratic barriers, inadequate education, and inflexible labor laws. We encourage future research to explore how each of these challenges influences the adoption of best practices and what helps plants overcome these difficulties.

7. Conclusion

MNC subsidiary plants have, on average, better operational management practices than domestically owned plants, but substantial differences in management practices also exist among MNC subsidiaries. This is especially the case in the Western Balkans, known for the large variety of origins of MNCs whose plants are located there. We demonstrate that these differences are associated with the operational management practices in the MNC home country and that organizational resources (i.e., written procedures and trainings) from HQ facilitate the adoption of MNC home-country practices in Western Balkan subsidiaries. Contrary to expectations, we do not find that human resources provided by HQ (i.e., the presence of expatriates, STAs, and international business travelers) help in transferring these practices.

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Appendix A. Sample structure (plants)

Country		Bosnia & Herzegovina	Croatia	Serbia	North Macedonia	Total sample
Number of plants		24	34	57	14	129
Average plant size (number of employees)		288	404	627	601	502
Average plant age		33	55.2	22.3	65	37.66
Average number of competitors in respective country and industry		9.17	8.3	11.65	4.36	9.51
Industries	High-tech (covering electrical and electronics, machinery, and precision instrument sectors)	9	7	17	6	39
	Producer-driven (covering chemicals, basic metals, metal products, and non-metal mineral sectors)	6	11	17	4	38
	Buyer-driven (covering textiles, food, paper, wood products, and leather sectors)	9	16	23	4	52
Number of plants sold through an M&A process in the past		6	17	13	1	37
Number of plants where 2 managers answered the questionnaire		10 (41.66%)			5 (35.71)	

(continued on next page)

(*continued*)

Country	Bosnia & Herzegovina	Croatia	Serbia	North Macedonia	Total sample
		13 (38.24%)	27 (47.37%)		55 (42.63%)
Number of plants where we had personal follow up interviews	4 (16.66%)	4 (11.76%)	4 (7.02%)	2 (14.29%)	14 (10.85%)

Appendix B. Sample structure (individual managers)

Country		Bosnia & Herzegovina	Croatia	Serbia	North Macedonia	Total sample
Respondents per country		24	34	57	14	129
Average age		35	41.35	38.28	38.21	38.47
Average number of years in a plant		8.33	10.42	7.02	5.96	8.05
Male managers		18 (75%)	25 (73.53%)	44 (77.19%)	7 (50%)	94 (72.87%)
Manager's position (seniority)	CEO/General director	1	6	2	1	10
	Production/Operational director	2	7	4	2	15
	Plant director	1	0	1	1	3
	Production/Operational manager	10	18	19	3	50
	Head of division/line	2	3	8	7	20
	Other position in production/ operations	8	0	23	0	31

Appendix C. 2019 Manufacturing survey instrument

C.1. Operational management practices

(1) Introduction of lean (modern) manufacturing techniques

What kind of lean (modern) manufacturing processes have been introduced at your plant (including just-in time (JIT) delivery from suppliers, automation, flexible manpower, support systems, attitudes, and behavior)?

1: Other than JIT delivery from suppliers few modern manufacturing techniques have been introduced (or have been introduced in an ad-hoc manner).
2: Between 1 and 3
3: Some aspects of modern (lean) manufacturing techniques have been introduced, through informal/isolated change programs.
4: Between 3 and 5
5: All major aspects of modern/lean manufacturing have been introduced (Just-in-time, automation, flexible manpower (number of hours or positions), support systems, attitudes and behavior) in a formal way.

(2) Rationale for introduction of lean (modern) manufacturing techniques

What factors led to the adaptation of these lean (modern) management practices?

1: Modern (lean) manufacturing techniques were introduced because others were using them.
2: Between 1 and 3
3: Modern (lean) manufacturing techniques were introduced to reduce costs.
4: Between 3 and 5
5: Modern (lean) manufacturing techniques were introduced to enable us to meet our business objectives (including costs).

(3) Process problem documentation

How do process problems typically get exposed and fixed?

1: No process improvements are made when problems occur.
2: Between 1 and 3
3: Improvements are made in workshops involving all staff, to improve performance in their area of the plant.
4: Between 3 and 5
5: Exposing problems in a structured way is integral to individuals' responsibilities and resolution occurs as a part of normal business processes rather than by extraordinary effort/teams.

(4) Performance tracking

What kind of indicators would you use for performance tracking?

1: Measures tracked do not indicate directly if overall business objectives are being met. Tracking is an ad-hoc process (certain processes aren't tracked at all).
2: Between 1 and 3
3: Most key performance indicators are tracked formally; tracking is overseen by senior management.
4: Between 3 and 5
5: Performance is continuously tracked and communicated, both formally and informally, to all staff using a range of visual management tools.

(5) Performance review
How do you review these performance indicators?

1: Performance is reviewed infrequently or in an un-meaningful way (e.g. only success or failure is noted).
2: Between 1 and 3
3: Performance is reviewed periodically with both successes and failures identified; Results are communicated to senior management; No clear follow-up plan is adopted.
4: Between 3 and 5
5: Performance is continually reviewed, based on indicators tracked; All aspects are followed up to ensure continuous improvement; Results are communicated to all staff.

(6) Performance dialogue
How are these performance review meetings structured?

1: The right data or information for a constructive discussion is often not present or conversations overly focus on data that is not meaningful; Clear agenda is not known and purpose is not stated explicitly.
2: Between 1 and 3
3: Review conversations are held with the appropriate data and information present; Objectives of meetings are clear to all participating and a clear agenda is present. Conversations do not, as a matter of course, drive to the root causes of the problems.
4: Between 3 and 5
5: Regular review/performance conversations focus on problem solving and addressing root causes; Purpose, agenda and follow-up steps are clear to all. Meetings are an opportunity for constructive feedback and coaching.

(7) Consequence management
What would happen if agreed objectives/targets were not met?

1: Failure to achieve agreed objectives does not carry any consequences.
2: Between 1 and 3
3: Failure to achieve agreed results is tolerated for a period before action is taken.
4: Between 3 and 5
5: A failure to achieve agreed targets drives retraining in identified areas of weakness or moving individuals to where their skills are appropriate.

(8) Types of Targets
What types of targets are set for the company?

1: Goals are exclusively financial or operational.
2: Between 1 and 3
3: Goals include non-financial targets, which form part of the performance appraisal of top management only (they are not reinforced throughout the rest of organization).
4: Between 3 and 5
5: Goals are a balance of financial and non-financial targets; Senior managers believe the nonfinancial targets are often more inspiring and challenging than financials alone (e.g. 60% market by 2020).

(9) Target interconnection
What is the motivation behind your goals and how are they cascaded down to the individual workers?

1: Goals are based purely on accounting figures (with no clear connection to shareholder value)-.
2: Between 1 and 3
3: Corporate goals are based on shareholder value, but are not clearly cascaded down to individuals.
4: Between 3 and 5

5: Corporate goals focus on shareholder value. They increase in specificity as they cascade through business units ultimately defining individual performance expectations.

(10) Target time horizon
What kind of time scale are you looking at with your targets? Are your goals set independently of each other?

1: Top management's main focus is on short term targets.
2: Between 1 and 3
3: There are short and long term goals for all levels of the organization. As they are set independently, they are not necessarily linked to each other.
4: Between 3 and 5
5: Long term goals are translated into specific short term targets so that short term targets become a “staircase” to reach long term goals.

(11) Target stretching
How tough are your targets? Do you feel pushed by them?

1: Goals are either too easy or impossible to achieve; managers low-ball estimates to ensure easy goals.
2: Between 1 and 3
3: In most areas, top management pushes for aggressive goals based on solid economic rationale. There are a few “sacred cows” that are not held to the same rigorous standard.
4: 4: Between 3 and 5.
5: Goals are genuinely demanding for all divisions. They are grounded in solid, solid economic rationale.

(12) Clarity of goals and measures
If your staff were asked about individual targets, what would they say?

1: Performance measures are complex and not clearly understood. Individual performance is not made public.
2: Between 1 and 3
3: Performance measures are well defined and communicated; performance is public in all levels but comparisons are discouraged.
4: Between 3 and 5
5: Performance measures are well defined, strongly communicated and reinforced at all reviews; performance and rankings are made public to induce competition.

(13) Instilling a talent mindset
How do senior managers show that attracting and developing talent is a top priority in your company?

1: Senior management do not communicate that attracting, retaining and developing talent throughout the organization is a top priority.
2: Between 1 and 3
3: Senior management believe and communicate that having top talent throughout the organization is a key way to win.
4: Between 3 and 5
5: Senior managers are evaluated and held accountable on the strength of the talent pool they actively build.

(14) Building a high performance culture
How does your appraisal/reward system work?

1: People within our firm are rewarded equally irrespective of performance level.
2: Between 1 and 3
3: Our company has an evaluation system for the awarding of performance related rewards.
4: Between 3 and 5
5: We strive to outperform the competitors by providing ambitious stretch targets with clear performance related accountability and rewards.

(15) Making room for talent
If you had a poor performer as a worker, what would the company do?

1: Poor performers are rarely removed from their positions.
2: Between 1 and 3
3: Suspected poor performers stay in a position for a few years before action is taken.
4: Between 3 and 5

5: We move poor performers out of the company or to less critical roles as soon as a weakness is identified.

(16) Developing talent
How would you identify and develop your star performers?

1: People are promoted primarily upon the basis of tenure.
2: Between 1 and 3
3: People are promoted upon the basis of performance.
4: Between 3 and 5
5: We actively identify, develop and promote our top performers.

(17) Creating a distinctive employee value position
What makes it distinctive to work at your company as opposed to your competitors?

1: Our competitors offer stronger reasons for talented people to join their companies.
2: Between 1 and 3
3: Our value proposition to those joining our company is comparable to those offered by others in the sector.
4: Between 3 and 5
5: We provide a unique value proposition above our competitors to encourage talented people to join our company above our competitors.

(18) Retaining human capital
If you had a star performer who wanted to leave what would the company do?

1: We do little to try and keep our top talent.
2: Between 1 and 3
3: We usually work hard to keep our top talent.
4: Between 3 and 5
5: We do whatever it takes to retain our talent.

C.2. HQ resources

C.2.1. Organizational Resources

1. To what extent are procedures, instructions, manuals, templates, blueprints and all other written methods for management processes **available** from your corporate or regional HQ?
   _ Not at all_ Only a few are available_ High number of procedures are available, but not in all fields _ High number is available in all needed fields_ All needed procedures in all fields are available.
2. Approximately how many official **trainings and seminars** were organized for you and your colleagues from the plant by the HQ in the last 3 years:
   a. In the country where your plant located: _____
   b. Abroad: _____

C.2.2. Human resources
Note: by headquarters (HQ), we mean both corporate and regional HQ

1. How many **expatriates*** did HQ send to your plant in the last 3 years?_____
   * employees temporarily relocated by the HQ to another country, usually for **several years**, to complete a specific task or accomplish an organizational goal.
2. How many **short-term assignees**** were sent from HQ to your plant in the last 3 years? ___
   individuals who have an international assignment that is usually **less than one year but longer than 1–2 weeks - i.e., longer than a business trip yet shorter than a typical corporate expatriate assignment, with an assignment that involves only one or a few foreign locations.
3. How many times were **business travelers***** on average sent from HQ to your plant in the last 3 years (please round to approximately nearest duration offered below)? _____
   _ less often than every half a year_ once every half a year_ once every 3 months_ once a week_ once a month.
   ***employees who take frequent international business visits to foreign markets, units, projects, and the like, usually for periods of a **week or shorter.**

C.3. Personal and company data

We would like to finish with some additional information about yourself and your organization.

1. How old are you? _____
2. What is your gender? _Male _ Female
3. To which of the following categories would your current position fit best? (_CEO/General director_ Operational/Production director _Operational/Production Manager_Head of division_Other (please specify))
4. How long have you worked in the plant? _____
5. What is the country of your global HQ?_____
6. What is the roughly estimated number of competitors in your industry (including both domestic firms and imported products in the domestic market)?
7. Was your subsidiary plant sold through an M&A (merger & acquisition) transaction in the past? _Yes _ No

Appendix D. World Management Survey (WMS) country scores and used proxies

MNC home country	WMS Country score	WMS score	Number of plants
Austria	3.21	Score for Germany	12
Belgium	3.14	Average score for Germany, France and Sweden (E.U.)	2
Bosnia and Herzegovina	2.887	Score for Poland	3
China	2.712	WMS score	1
Croatia	2.887	Score for Poland	5
Cyprus	2.72	Score for Greece	2
Denmark	3.14	Average score for Germany, France and Sweden (E.U. countries)	3
France	3.015	WMS score	6
Germany	3.21	WMS score	29
Greece	2.72	WMS score	3
Hungary	2.887	Score for Poland	1
India	2.611	WMS score	1
Indonesia	2.69	Average score for Southeast Asia (Vietnam, Cambodia and Myanmar)	1
Israel	2.69	Score for Turkey (Middle East)	2
Italy	2.978	WMS score	13
Japan	3.23	WMS score	3
Russia	2.887	Score for Poland	2
Serbia	2.887	Score for Poland	1
Slovakia	2.887	Score for Poland	1
Slovenia	2.887	Score for Poland	7
South Korea	3.05	Average score for Japan and Singapore	1
Sweden	3.188	WMS score	4
Switzerland	3.21	Score for Germany	7
The Netherlands	3.14	Average score for Germany, France and Sweden (E.U.)	3
United Arab Emirates (UAE)	2.69	Score for Turkey (Middle East)	2
United Kingdom (UK) / Great Britain	3.033	WMS score	4
United States of America (USA)	3.308	WMS score	10

Note on country score proxies: All CEE countries (B&H, Croatia, Hungary, Russia, Serbia, Slovakia, and Slovenia): the value for Poland; Austria and Switzerland: the values for Germany (as DACH region); Belgium, Denmark, and the Netherlands: the average value for Germany, France, and Sweden as E.U. representatives in the WMS sample; Cyprus: value for Greece; South Korea: average value for Japan and Singapore; Indonesia: average value for Southeast Asia (containing scores for Vietnam, Cambodia and Myanmar); UAE and Israel: value for Turkey as the only Middle East representative; companies at which managers stated U.K. or England was the country of their global HQ took a value for Great Britain. We re-ran our main analysis using different combinations of proxy country scores (e.g., using average E.U. values for Israel instead of values for the Middle East; using average E.U. values for Austria and Switzerland instead of values for Germany, etc.), and our results remained unchanged.

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