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Transfers and Learning in MNEs: A Review of the Literature

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1. Introduction

The issues of knowledge transfer (e.g. Gupta and Govindarajan, 2000; c.f. Werner, 2002) and learning (e.g. Macharzina et al., 2001; Hong et al. 2006a/b) belong to the most vibrant areas of research within the field of international business (IB) and there is no sign of abating given the strategic importance that is attributed to transfers and learning for the innovativeness and success of internationally operating businesses. Similarly, the field of International Human Resource Management (IHRM), with contributions from a great variety of theory traditions and perspectives, has been concerned with the transfer and transferability of human resource management (HRM) practices in MNEs for some time (e.g. Taylor et al. 1996; Ferner et al. 2001; Edwards et al. 2005). However, the field of IB and IHRM are not the only bodies of research that have been concerned with questions of transfers and learning in MNEs. Starting in the 1990s, a huge body of research emerged that has looked at the transfer of production systems in Japanese MNEs (e.g. Florida and Kenney, 1991 a/b; Elger and Smith, 1994). In this body of research scholars from diverse theory traditions asked how compressively and how successfully Japanese firms transferred their production systems to their overseas production plants. Finally, there is also a growing body of research on the transfer of organizational forms and practices in MNEs emerging from different institutionalist perspectives (e.g. Sharpe, 1997; Boyer, 1998; Saka, 2003; Becker-Ritterspach, 2005). Broadly speaking, these studies investigate how institutional context, conceptualized in a variety of ways, impact transfers and learning in MNEs. Now, while there is no shortage of research on transfers in MNEs, there is an urgent need for more cross-disciplinary recognition and fertilization. With a few exceptions (e.g. Westney, 1993; Kostova and Roth, 2002; Edwards, 2004; Dörrenbächer, 2004, Becker-Ritterspach, 2006), most of these bodies of research ignored each others insights and remained self-referential. A first attempt to instigate such cross-fertilization would have to start with an effort to map contributions on transfers and learning in MNEs.

We suggest organizing such a mapping by first identifying major bodies and streams of research. Such an identification will be based on a combination of dominant research issues/goals and underlying theory. After the main bodies and streams have been identified we discuss within the respective bodies and streams the main: units/levels of analysis, concepts of enabling and constraining conditions for transfer and learning in MNEs, and the empirical and methodological focuses. It should be noted that a major challenge in identifying different bodies of literature and streams is related to the problem that research does not develop stringently along issues, theory or any other analytical dimension. Therefore, there is

always some degree of overlap among contributions from different bodies of literature. Our goal here is to identify and analyze major bodies and streams and not to account for all their ramifications.

The paper is structured as follows. In section two, four major bodies of literature are presented including: Technology transfer, knowledge transfer and learning in MNEs in the *field of international business*; the lean production and the labor process perspective in the field of *Japanization/transplant research*; the transfer of organizational forms and practices in MNEs from the new institutionalist and the comparative institutionalist perspective *in organization studies*; and the transfer of human resource management practices and policies in the field of *international human resource management*. In the third and last section we will summarize major differences between the approaches. We will conclude this section by identifying potential research gaps as well as possibilities for synergy and future research.

2. Literature review

2.1 Transfer and learning in the field of international business

From the very beginning the international business (IB) literature has stressed the importance of transfers (be they strategic assets, technology, knowledge or management practices) knowledge and learning for the constitution and competitive advantage of the multinational enterprise (MNE) (Dunning, 1958; Hymer, 1960; Vernon, 1966; Buckley and Casson, 1976; Johansen and Vahlne, 1977; Teece, 1977; Kogut and Zander, 1993; Macharzina et al., 2001; Blomsterno, Erikson and Sharma, 2002). Already Dunning's (1958) and Hymer's (1960) early work implied the importance of transfers through which internationalizing firms could gain a competitive edge over domestic competitors by exploiting firm specific advantages. Johansen and Vahlne (1977) stressed the importance of learning processes as prerequisites for corporate internationalization. Yet, others see learning opportunities – e.g. tapping into foreign knowledge clusters – as drivers for firm internationalization (e.g. Cantwell and Kosmopoulou, 2002). A cursory review of the IB literature on transfer and learning in MNEs suggests that there are three major bodies of research. The first is the technology transfer literature that dawned in the 1960s. The second body is the knowledge transfer literature that emerged in the late 1980s. The third is the embedded learning perspective that came up around the 90s. The following section will provide an over view of major traits and sub-streams in the field of international business.

Technology transfer

Underlying theoretical perspective and main research goal: Starting in the 1960s, triggered by a United Nations' resolution submitted by Brazil and Columbia, there has been a growing body of literature that is concerned with technology transfer in general and technology transfer within the context of MNE and FDI in particular (Chen, 1996). While these studies vary in how technology is defined, "the two key words are always knowledge and production, and the key concept is knowledge useful in production" (Chen, 1996:181). Similarly, while the term 'technology transfer' varies in meaning, the research goal revolves around understanding the modes, the enabling/constraining conditions and consequences of technology transfer. Those contributions concerned with technology transfer within the context of MNE and FDI are mostly – though not exclusively – concerned with the aggregate effects of MNE activity for national economies. Chen (1996) identifies in a review of technology transfer literature three sub-streams:

> First are international trade economists who tend to treat TNCs as producers of technology, and technology transferred as goods traded in the international market. The seminal work of Richard Hymer and many works of Richard Caves and Gerry Helleiner fall into that category. Second are industrial economists who concentrate on case studies of industries' and TNCs' choices of alternative modes of international technology transfer on the basis of the theory of the firm. The third group consists of development economists, many of whom are also international trade specialists; the focus on the appropriateness of the technology transferred and implications of the technology transfer for financial flows, and technological and overall economic development in the host developing economies. (Chen, 1996: 182)

Analytical level and unit of analysis: Given the economic background and explanatory focus of the different technology transfer streams the dominant analytical level has been the meso- and macro-level of national economies. Relatedly, the technology adoption, technology capability or change at the aggregate level of the national economy and/or their industries tended to be the main units of analysis. However, there are some differences by sub-theme. With regard to the *first sub-stream*, focusing on MNEs as producers and transferors of technology, the main analytical level has been the country and industry level. However, some contributions have been conducted at the firm/subsidiary level. Accordingly, the unit of analysis has varied between technological adoption and spillovers at the country, industry or firm level (Chen, 1996). The main level of analysis in the *second sub-stream* of technology transfer literature has been the meso- and macro-level of the industry and the country. Here the main units of analyses are different channels or modes for technology transfer. While some writers identify a wide range of different transfer modes (Buckley, 1985; Kaplinski 1993) most contributions distinguish between FDI and licensing or alternatively intra-firm vs. market based transfer channels (Chen, 1996). In the *third sub-stream* there tend to be two different units of analyses depending on contribution. While the first is the *cost of transfer*,

the second is the *appropriateness of the technology transferred or technology choices*. In both cases the main levels of analyses include recipient firms at an aggregate level or at the country level.

Conceptualization of enabling and constraining conditions for transfer and learning: Corresponding with the different technology transfer streams different contextual conditions have been emphasized. In the *first sub-stream* the focus is on technology transfer between foreign affiliates and the host country. Focusing on technology adoption and/or indirect performance effects on host firms, industries or national economy as whole, contextual factors are considered that enable or constrain local linkages. An important question is here how foreign affiliates source their inputs and for what markets their outputs are destined. This, in turn, is seen to be related to the industry (nature of technology), firm (export-orientation or import substitution) and host country characteristics (skills and technological capability) (Chen, 1996). The *second sub-stream* of technology transfer research focuses on different transfer modes of technology transfer. Here Chen (1996) identifies two different contextual focuses. While the first is based on the theory of the firm (the significance of rent-extracting potentials and transaction costs), the second is more development-based and stresses the role of host-country characteristics. Chen (1996) reviews empirical studies and finds that: the nature of the technology transferred (e.g. novelty of technology, number of previous transfers), the production structure of the transferor, the characteristics of the recipient country (e.g. technological capability, economic development) and the characteristics of the industry are crucial. The *third sub-stream* is concerned with cost and appropriateness of the technology transferred. With regard to transfer costs, direct (e.g. royalty fees, price for technology) and indirect costs are distinguished (Chen, 1996). Crucial factors determining cost are technology market conditions (monopolistic, oligopolistic, perfect competition) for the transferred technology, government policies as well as skill levels and experience of the recipient firms (e.g. Teece, 1994). As far as the appropriateness of the technology transferred is concerned, different contextual conditions are considered that allow an evaluation of 'appropriateness'. Chen (1996) contrasts in this context the neo-classical view with the neo-technology approach. While in the former appropriate technology choices are related to factor price distortions and substitution elasticity, limited and/or non-rational technological choices, the latter focuses on a wider range of conditions including organizational (firm task environment, strategy, ownership etc.), economic, social (cultural and institutional) as well as managerial factors (e.g. Winston, 1997).

Empirical and methodological focus of research: Chen (1996) notes that the *first sub-stream* draws widely on case studies. Many of these are on specific developing countries and manufacturing industries. As most of these studies are conducted at aggregate levels of the country, industry or firm, there is little space for qualitative micro-level case studies with an actor perspective. Empirical studies in the *second sub-stream* are also largely based on the aggregate levels of the country (mainly developing countries), industry or firm. This, in turn, implies a strong focus on quantitative survey approaches. In the *third stream* Chen (1996) identifies mainly two types of study. There are on the one hand neo-classical contributions "using statistical and econometric techniques to determine whether foreign affiliates use more capital intensive technologies than domestic firms in developing countries" and there are neo-technology approaches or studies looking at wider contextual conditions that adopt "a social science or development approach, largely using case studies to investigate the nature and type of technology transferred by TNCs" (Chen, 1996: 194-195). Also in this last stream there is a strong – though not exclusive – focus on developing countries. Here too, studies generally operate with aggregate firm, industry or country data. Overall, Chen's (1996) review shows that the technology transfer literature is empirically mainly focusing on the transfer of hard or physical technologies to developing countries at different aggregate levels. Dominant sectors or firms researched mainly fall into manufacturing and industry. Most empirical studies in the technology transfer literature are based on statistical surveys.

Knowledge transfer and learning in MNEs

Beginning in the late 1980s and coming into swing in the 1990s, IB sees a new stream emerging. In the place of technology, the keywords of this stream are worldwide knowledge transfer or innovation diffusion and learning. Broadly speaking, this field revolves around the creation, adoption and diffusion of knowledge in MNEs (Ghoshal and Bartlett, 1988). The stream contrasts with the technology literature in that its proponents tend to be in the majority management and business or else organization scholars. What is more, the main focus in this literature is not on the knowledge gain or benefit for the MNE's environment, but on knowledge gains for the MNE or its units from its internal and external environment. While a wide range of theoretical approaches feed into the knowledge transfer literature – including the work on technology transfer and its underlying theories – the dominant theoretical paradigm in this stream has been the environment-strategy-structure paradigm, which is strongly rooted in contingency theory. It is probably fair to suggest that the knowledge

transfer literature not only reflects the evolution of the environment-strategy-structure paradigm but has become a constitutional element of it.

In the knowledge transfer literature of IB three major bodies of researched can be distinguished. The *first body* emerged in the context of considerations about the transnationalization of MNEs and the ensuing differentiation of subsidiary roles. In this literature, different kinds of subsidiary roles are distinguished based on their function in the knowledge processes of MNEs (Ghoshal and Bartlett, 1988; Bartlett and Ghoshal, 1998; Gupta and Govindarajan, 1991; Birkinshaw and Morrison, 1995; Panastassiou and Pearce, 1998; Beechler et al, 1998; Forsgreen and Pedersen, 1999; Moore, 2001; Cantwell and Mudambi, 2005). The *second body* can be labeled the knowledge flow literature. This body is largely concerned with the question how internal and external network conditions impact inflows and outflows of knowledge from a subsidiary perspective. In this body three focuses can distinguished that partly overlap (Zanfei, 2000; Sölvell and Zander, 1995; Kutschker and Schurig, 2002; Almeida and Phene, 2004). On the one hand, there is an interest in knowledge gains for the MNE (or subsidiaries) based on different kinds of MNE (or subsidiaries) – external environment relations (external network focus). On the other hand, there is an internal focus, looking at knowledge flows (mainly from and to subsidiaries) based on conditions within the MNE (internal network focus). Falling somewhat between these focuses, there is a third focus that has been concerned with knowledge processes in strategic alliances or similar organizational relations (e.g. Lane and Lubatkin, 1998; Kotabe, et al. 2003; Lyles and Salk, 2007). In a way, this focus takes an intermediate position between the two former ones as strategic alliances define a distinct context for knowledge transfer and learning, that is, between intra-firm or internal and inter-firm or external relationship contexts. Finally, there is a third, newly emerging body of literature in the knowledge transfer literature that can be labeled the learning stream in IB. The following review will only focus on the last two streams because the first and second stream share basic research assumptions and theoretical underpinnings.

The knowledge flow stream

Underlying theoretical perspective and main research goal: Starting from the assumption that the creation, diffusion and adoption of innovations or knowledge is the single most important strategic challenge to MNEs (e.g. Bartlett and Ghoshal, 1998), this body of research seeks to understand the enabling and constraining conditions of knowledge creation, adoption and diffusion in MNEs. However, while different aspects of knowledge processes in MNEs have been focused on the main emphasis lies on knowledge flows (Foss, 2006). Commonly

adopting a 'differentiated network perspective' (Doz and Prahalad, 1991; Nohria and Ghoshal, 1997), these contributions are not only interested in simple headquarter-subsidiary flows, but investigate the knowledge sharing between subsidiaries (e.g. Gupta and Govindarajan, 2000) and even reverse knowledge transfer from subsidiaries to headquarters (e.g. Hakanson and Nobel, 2000; Ambos et al., 2006). The knowledge flow literature rests on the *environment strategy structure* paradigm of the field of IB. In addition, it draws on a broader scope of theories and approaches, including Kogut and Zander's (1993) evolutionary theory of the firm, resource dependence theory (Pfeffer and Salancik, 1978;), Szulanski's seminal work on knowledge transfer (1996), the diffusion of innovation literature (e.g. Rogers, 2003), organizational learning perspectives (e.g. Cohen and Levinthal, 1990), Polanyi's (1962) seminal contribution on different types of knowledge as well as the resource based views of the firm (Penrose, 1959; Barney, 1991) and transaction cost theory (Williamson, 1985).

Analytical level and unit of analysis: This body of research mainly looks at the firm, specifically at the subsidiary, as the main *level of analysis*. The main units of analysis in these studies are knowledge creation, adoption or inflows/outflows of knowledge at the subsidiary level. Typically, the knowledge flow studies measure, knowledge flows or successful knowledge adoption or creation by either patent citations (Almeida and Phene, 2004; Singh, 2004; Yamin and Otto, 2004), product introductions (Tsai, 2001) or alternatively by the presence of predefined kinds of knowledge (Gupta and Govindarajan, 2000; Hansen, 2002; Schulz, 2003). The main interest is the successful diffusion, adoption or application of pre-defined knowledge in subsidiaries. However, apart from direct concerns with knowledge transfer outcomes or learning achievement, a range of contributions in this area is also interested in firm performance outcomes as a result of knowledge creation, diffusion or adoption (Werner, 2002).

Conceptualization of enabling and constraining conditions for transfer and learning: Contributions in the knowledge flow stream have investigated how complex organizational characteristics of MNEs, the characteristics of the knowledge transferred, and the knowledge-related characteristics of sending and receiving subunits, impact knowledge flows in MNEs. With regard to the *enabling and constraining context conditions* for knowledge flows this literature focuses – though not exclusively – on firm-level/internal factors, either at the subsidiary or at the MNE level. A cursory review of recent publications in the MNE

knowledge flow literature shows that frequently cited factors impacting outcomes of knowledge processes in MNEs are: 1.) The *characteristics of the sender unit* – such as motivation and knowledge stock (Szulanski, 1996; Foss and Pedersen, 2002; Gupta and Govindarajan, 2000); 2.) The *characteristics of the receiving unit* – most notably its motivational conditions and 'absorptive capacity' (Szulanski, 1996; Foss and Pedersen, 2002; Gupta and Govindarajan, 2000; Minbaeva et al., 2002; Tsai, 2001); 3.) The *characteristics of intra-organizational context*, network or relationships in the MNE – based on structural configurations as well as communication, coordination- and control mechanisms (Szulanski, 1996; Almeida and Phene, 2004; Björkman et al., 2004; Foss and Pedersen 2002; Gupta and Govindarajan, 2000; Hansen, 1999, 2002; Hansen and Lovas, 2004; Argyres and Silverman, 2004; Teigland et al., 2001; Tsai, 2001); 4.) The *characteristics of the transferred knowledge* (Szulanski, 1996; Foss and Pedersen 2002; Hakanson and Nobel, 2000; Hansen, 1999, 2002; Kotabe et al., 2003; Schulz, 2003) – frequently based on the classical distinction between tacit and explicit knowledge going back to Polanyi (1962), also the similarity or complementarily of knowledge exchanged between units (Hansen 2002; (Zanfei, 2000; Sölvell and Zander, 1995; Kutschker and Schurig, 2002; Almeida and Phene, 2004); 5.) The characteristics of a unit's *business and technological environment as well as external/local network relations* (Almeida and Phene, 2004; Forsgren et al., 1999; Foss and Pedersen, 2002; Frost, 2001; Mudambi, 2002; Pearce and Papanastassiou, 1999; Kotabe et al., 2003; Yamin and Otto, 2004).

Empirical and methodological focus of research: Empirical studies in this body of literature are mainly based on quantitative surveys. This is related to the circumstance that units of analysis and variables in this body of literature tend to be organizational-level constructs and aggregate concepts (Foss and Pedersen, 2004). While the multinationals included in the research sample tend to be from different sectors and industries, many contributions focus on Research and Development (R&D) units within multinationals (Chini, 2004).

The learning stream

Underlying theoretical perspective and main research goal: While the knowledge flow literature has not been without grounding in learning theory, this grounding is mainly based on a cognitive 'knowledge-oriented' perspective (Hong et al., 2006b) frequently drawing on the work of Cohen and Levinthal (1990). What is more, while a number of contributions in the knowledge flow stream adopt the learning term (e.g. Zahra et al. 2000; Macharzina et al., 2001) they still can be seen as adopting a 'knowledge-oriented' perspective' (Hong et al.,

2006b). Hong et al. (2006b: 409) contrast this "'knowledge-oriented' perspective and its associated learning types" with an alternative perspective which they term a "'learning-oriented' social construction perspective and its associated social learning constituents" (Hong et al, 2006a). According to Hong et al. (2006b: 410) the "social construction perspective developed in the early 1990s as a counter-balance to the cognitive perspective, conceiving organizational learning as a process of inter-subjective, inter-group or interpersonal adjustment within a particular socio-cultural context". Elsewhere, Hong et al. (2006a) distinguish three perspectives on learning in organizations including a cognitive, behavioral (or routine oriented) and socio-cultural perspective and map them onto transfer and learning research in MNEs. They summarize these approaches as follows:

> Cognitive perspectives tend to regard organizational learning as acquisition, storage and transmission of collective knowledge; while routine-oriented perspectives frame this as patterning and implicit negotiation of day-to-day practices. Social/contextual perspectives offer a more holistic picture that also embraces the enabling and supporting conditions within which such processes are fostered and maintained. (Hong et al, 2006a: 1032)

Thus, with the percolation of non-cognitive learning perspectives in the field of international business, there has been a growing interest into the question how learning processes and transfer unfold in MNEs in behavioral terms and how they are socially constituted given the divers and complex social embeddedness of MNEs (Engelhard and Nägele, 2003; Becker-Ritterspach, 2006; Hong et al., 2006a/2006b; Saka, 2007).

Analytical level and unit of analysis: Along with the shifted interest in behavioral and social constitution of transfer and learning the units of analysis have shifted to the micro-level (Saka, 2007). Routine changes, recontextualizations of transfer, and social processes of transfer integration constituted by actors, interaction and their social embeddedness become the main units of analysis. At the same time, the concern for the wider social embeddedness implies that a wider range of explanatory levels is included, stretching from the firm-, industry-, regional- to the national or even transnational level. Thus different explanatory analytical levels (micro-, meso-, and macro-) and their interplay become crucial in these contributions.

Conceptualization of enabling and constraining conditions for transfer and learning: Depending on scholarly background, different social contextual concepts are seen to structure learning processes in this body of research. Cases in point are: institutional and cultural concepts, or issues of power and domination (e.g. Becker-Ritterspach, 2006; Currah and

Wrigley, 2004; Lam, 2003; Hong, 2006b; Tregakis, 2003;). Hong et al. (2006b) state in this context:

> By emphasizing situated learning (Lave and Wenger, 1991) and the development and institutionalization of social practices (Gherardi and Nicolini, 2002), the social constitution perspective allows researchers to investigate how issues of power (Coopey, 1995), politics (Coopey and Burgoyne, 2000) and culture (Cook and Yanow, 1993) influence learning in organizations at the micro-level. (Hong et al. 2006b: 410)

Empirical and methodological focus of research: Given the behavioral process perspectives of this body of research and its micro-level focus, it is not surprising that many, if not the majority, of the studies have adopted a qualitative case-study approach (e.g. Saka, 2007; Engelhard and Nägele, 2003: Hong et al. 2006b). Regarding the empirical focus the review suggests that there is a bias towards industry and manufacturing contexts. However, it must also be stressed that this stream of research is in an emerging phase.

2.2 The transfer of Japanese productions systems: Transplant research

Apart from the contributions on transfer and learning in the field of IB the Japanization or transplant research is yet another comprehensive body of research that has been concerned with transfers in MNEs. Triggered by a stark rise in Japanese FDI to the US and UK in the 1980s and 1990s, an immense body of literature evolved around the transferability of Japanese production systems (e.g. White and Trevor, 1983; Turnbull, 1986; Ackroyd et al., 1988; Morris, 1988; Marchington and Parker, 1988; Dickens and Savage, 1988; Graham, 1988; Oliver and Wilkinson, 1988; Bratton, 1990; Milkman, 1991; Florida and Kenney, 1991a/b; Garrahan and Stewart, 1992; Elger and Smith, 1994; Wood, 1996; Mair, 1998; Stewart, 1998; Liker et al., 1999; Pil and McDuffie, 1999; Adler, 1999; see also the work by the GERPISA network). Westney argues that transplant research – as a part of the wider Japanization research – not only emerged as a subfield in MNE-research but was "arguably the most widely studied aspect of the organization of multinational enterprise in the 1980s and 1990s" (Westney, 2001: 640). Peaking in the mid 1990s the Japanization debate is lingering on (e.g. Morgan et al., 2002). Commonly, two major strands have been identified in the Japanization literature: the labor process and the lean production perspective (Saka, 2003; see Stewart, 1998 for a similar mapping of the debate). This distinction is particularly helpful with regard to mapping the early contributions of this literature. For the two perspectives not only vary in focus – 'managerial-user vs. labor control' (Saka, 2003) – but offer strikingly different answers to the questions whether the cross-national transfer of Japanese production systems is possible and whether contextual differences play a constraining or modifying role for such transfers. Not only are there demarcations between the two strands based on different

normative standpoints, but there are also important underlying theoretical differences. Nevertheless, both strands have important contributions to make to the questions of transfer and transferability of organizational forms, practices and production systems in MNE. Interestingly, Japanization contributions not only mainly originate from the US and the UK – reflecting FDI pattern of Japanese companies throughout the 1980s and early 1990s (c.f. Elger and Smith, 1994) – but they also feature markedly different emphases on the two sides of the Atlantic. The following section will therefore discuss the two strands separately.

The lean production perspective

Underlying theoretical perspective and main research goal: The North American side of the Japanization debate tends to be associated with the lean production wing of the Japanization literature. The most prominent representations of this work are Womack et al.'s (1990) contributions and in a more elaborate fashion those by Florida and Kenney (1991a; 1991b; Kenney and Florida, 1993; see also Pil and MacDuffie, 1999). At their very core, contributions in this stream ask if Japanese production systems can be transferred or rather transplanted without alternations to another country. Overall, the contributions are optimistic, if not enthusiastic, about both the prospects for successful transfer of Japanese production systems (Krafcik, 1986; Adler, 1993) and their progressive nature for human relations (e.g. Adler and Cole, 1993). Although, the lean production perspective's original proposition is the universal applicability and competitive superiority of the Japanese production systems, the perspective has developed over time. More recent contributions are interested in transfer outcomes beyond pure imitation. North American scholars in the Japanization literature started to embrace the notion of 'hybridization' or of similar concepts such as 'third culture', 'transformation' or 'recontextualization' to capture transfer outcomes in a more differentiated and complex way (e.g. Wilms et al., 1994; Liker et al., 1999; Adler et al., 1998; Adler, 1999; Babson, 1998; Brannen et al., 1999). With its strong application orientation, the theoretical grounding of this body of work was initially weak. This changes, however, in some of the more recent publications.

Analytical level and unit of analysis: The main unity of analysis is the transfer of a given production system. Generally, a Japanese production system is ideally defined and it is then investigated to what extent it has been transferred. Having the managerial-user in mind, the lean production perspective's main *level of analysis* is the firm (micro-level). As the contextual embeddedness of production systems is contested, there is initially only little systematic concern for explanatory levels beyond the firm. This changes, however, in more

recent contributions that include the industry and country level explanatory dimensions and variables.

Conceptualization of enabling and constraining conditions for transfer and learning: Especially early contributions are stressing that contextual differences are not impeding transfer in a meaningful way. Exempting the work of Abo et al. (1994), there is little elaboration and conceptualization of outcomes other than successful transfer or imitation. However, it should be noted that even these early contributions admit that adaptations – i.e. changes or modifications – of the transferred production systems are unavoidable on certain dimensions. These adaptations are either rated as 'transfer-with-secondary-adaptations' or as 'functional equivalents' which are not compromising the transfer of the core of the production system or its performance (Kenney and Florida, 1993; see also Oliver and Wilkinson, 1988; Mishina, 1998; Adler et al., 1998; Pil and MacDuffie, 1999). Typically, adaptations are found in the companies' industrial relations and the human resource management (e.g. Pil and MacDuffie, 1999; Adler et al., 1998). In areas of a production system where contextual misfit cannot be ignored entirely, the ability of powerful firms to select, change and/or to create the required context is emphasized (Florida and Kenney, 1991a). More recently, scholars from the lean production wing have increasingly stressed the impact of *task environmental and business contextual difference* on transfer propensity and adaptation requirement. For example, Abdullah and Keenoy (1995) show, in the case of Japanese electronics firms in Malaysia how low labor costs and low profit margins in the host context led to transfer restraints on the part of the Japanese parent (see also Dedoussis, 1995). In a similar vein, Kenney and Florida (1995) find substantial difference in transfer propensity depending on the sector or industry. They explore connections between the nature of the production process (e.g. labor intensity), the international division of labor in the firm and the transfer propensity (Kenney and Florida, 1995; see also Abdullah and Keenoy, 1995; MacDuffie, 1995 International Trends; Dedoussis, 1995; Wilkinson et al., 2001). Thus, in contrast to the early contributions there is an increasing attention to the question how contextual difference and the task environmental context-boundedness of certain practices impact transfer propensities and adaptation pressures. A few contributions even identify institutional or societal difference as crucial factors for transfer and adaptation dynamics (e.g. Liker et al., 1999; Adler et al., 1998; Adler, 1999; Babson, 1998; Brannen et al., 1999; Pil and MacDuffie, 1999). The main reasoning is that as some practices (or dimensions of a production system) are more dependent on the institutional environments than others. As institutional environments differ

from country to country, the ease of transfer varies with the kind of practice and the level of institutional difference. Put simply: The higher the 'embeddedness' in technical and social systems and the higher the 'tacitness' of a practice transferred, the higher the occurrence of recontextualization.

Empirical and methodological focus of research: Approaches from the lean production perspective are based on both survey and case study research (e.g. Abo et al, 1994). Usually authors in this stream investigate to what extent a predefined ideal Japanese production system can be transferred to the United States. The bulk of research in this stream has focused on manufacturing firms in the automobile industry. Most of these are Japanese transplants in the United States.

The labor process strand

Underlying theoretical perspective and main research goal: Following a conference on 'The Japanization of the British Industry' at the Cardiff Business School the *Industrial Relations Journal* presents in 1988 a special issue with a focus on the effects of Japanization on industrial control, industrial efficiency and industrial relations. In this context Ackroyd et al. (1988) set out to clarify the potentially different meanings of the term 'Japanization'. Going beyond Turnbull's emulation perspective (1986), the Ackroyd et al. (1988) come up with a widely used distinction comprising: "direct Japanization, mediated Japanization and permeated or full Japanization" (Ackroyd et al., 1988: 12). While the 'direct Japanization' refers to direct transfer by means of Japanese FDI, the 'mediated Japanization' refers to the more indirect process of copying or emulating Japanese production systems or business practices on the part of British firms. 'Permeated or full Japanization' refers to the wider possibility of Britain replicating institutional patterns of the Japanese economy and society. The authors see these different forms of Japanization as ideal-types rather than reflecting empirical factuality (see also Procter and Ackroyd, 1998; Stewart, 1998). In fact, like Turnbull (1986), Ackroyd et al. (1988) are highly critical about prospects for a widespread direct, mediated, let alone permeated Japanization. The main argument is that Japanese FDI is far too negligible to impact the British economy as a whole. Moreover, the selective nature of the Japanese practice adoption, combined with mere Japanese labeling, render a comprehensive Japanization at different analytical levels an unrealistic proposition (Ackroyd et al., 1988; Procter and Ackroyd, 1998; Graham, 1988). Overall, with theoretical roots (admittedly different authors to a different degree) in the labor process tradition (Braverman, 1974), the British side of the Japanization debate tends to be very skeptical about both the

prospects of widespread transfer of Japanese production systems and their emancipatory value (e.g. Turnbull, 1986; Ackroyd et al., 1988; Dickens and Savage, 1988; McKenna, 1988; Marchington and Parker, 1988; Briggs, 1988; Morris, 1988; Crowther and Garrahan, 1988; Bratton, 1990; Garrahan and Stewart, 1992; Delbridge et al., 1992; Sewell and Wilkinson, 1992; Delbridge, 1995; Wood, 1996; Danford, 1997; Procter and Ackroyd, 1998)[1]. It should also be stressed here that the transferability of Japanese production systems per se has not been the prime concern for the labor process proponents. Instead, the labor process wing of the Japanization literature has been concerned with the transfer related issues of labor control, conflict and the question whether or not the transfer of Japanese production systems bears an emancipatory potential for work and employee relations. Nevertheless, this stream of research – most prominently the work by Elger and Smith (1994, 1998, and 2000) has provided substantial insight into the transfer of production systems in MNEs.

Analytical level and unit of analysis: As far as the *level of analysis* is concerned, the labor process influenced Japanization literature varies between different levels. After all it is being asked to what extent Japanization encompasses not only firms and industries of Britain but of the British economy as a whole. In the context of Japanese FDI, the question is whether Japanese companies succeed in transferring their production systems to British subsidiaries and what the social consequences for labor are. Both the transferability and the consequences of the transfer of Japanese production systems are frequently analyzed at the micro-level frequently involving a close look at the actors. The explanatory analytical levels, in turn, include micro-, meso-, macro-conditions as firm and industry as well as regional and national effects are being considered.

Conceptualization of enabling and constraining conditions for transfer and learning: What does the labor process wing of the Japanization debate have to offer with regard to enabling and constrain conditions of transfers in MNEs? Regarding transfer outcomes the labour process strand adopts largely a *dichotomous perspective* varying between the identification of transfer success and transfer failure. Put differently, a dichotomy between either imitation of Japanese elements – which is generally held difficult – or alternatively a continuation of local patterns. Especially, early contributions are little concerned with the possible emergence of novel or hybrid outcomes as a result of transfer adaptations. However, what early

[1] Some authors take a middle ground. Wilkinson et al. (1995), for example, are critical about the emancipatory potential of Japanese production system but see their transfer as generally feasible.

contributions already find is that 'the Japanization' may vary across different dimensions of a production system as some aspects appear easier to be transferred than others. In fact, labor process representatives see the contextual difference between home and host contexts as the key reason for the transfer difficulties of Japanese production systems. Production systems are embedded and develop out of specific capitalist social relations. If such a supporting context is different in the host country context, transfer becomes very difficult, if not impossible. Scholars in the Labor Process wing tend to implicitly or explicitly *stress society as well as region specific expressions of the capital-labor antagonism* (most pointedly Elger and Smith, 1994). With a strong focus on social relations in general and labor relations in particular, contributions in the British strand have been sensitive to the social-origin of transfer contents as well as different kinds of social barriers to transfer or conflicts related to it (e.g. Ackroyd et al., 1988; Dickens and Savage, 1988; Graham, 1988; Procter and Ackroyd, 1998; Morris et al., 1998). Smith and Elger even come to call their approach a "context-driven" research agenda (2000: 234). Like the lean production stream, the British Japanization debate has also become increasingly interested in different transfer outcomes. These contributions move beyond dichotomous views of transfer outcomes and adopt notions of hybridization (Scarbrough and Terry, 1998; Mair, 1998; Wilkinson and Ackers, 1995; Smith and Elger, 2000; Wood, 1996)[2]. However, in contrast to the lean production stream conflicts and societal differences are emphasized more as transfer constraints. With regard to the question why transfer outcomes may diverge, particularly Elger and Smith/Smith and Elger (1994, 2000) make important contributions. They stress that national institutional differences form but one dimension of contextual embeddedness that impacts the transferability of production systems in MNEs. In addition, their work suggests that firm strategies and the internal division of labor may play an important role for the transfer propensity in MNEs.

Empirical and methodological focus of research: The majority of empirical work in the labor process stream is based on qualitative case studies. Being mainly driven by researches rooted in the labor process literature in the UK, it is not surprising that the empirical focus has been on British manufacturing firms or on Japanese manufacturing subsidiaries in Britain.

[2] While the Labor Process wing was to a large extent congruent with the Japanization debate in Britain it should also be mentioned that some British researchers leaned more towards the US based lean production debate, most notably Oliver and Wilkinson in their widely reviewed book, *The Japanization of the British Industry* (1988). Similarly, a number of North American scholars are closer to their British counterparts with regard to how widespread Japanization is viewed and how it is to be evaluated (e.g. Fucini and Fucini, 1990; Milkman, 1991; Rinehart et al., 1997).

2.3 The transfer of organizational forms and practices in MNEs: Two institutional perspectives in organization studies

In contrast to the Japanization literature but also in contrast to the IB literature, institutional perspectives elaborately theorize form the outset the social or better institutional constitution of organizations. Despite different concepts and definitions of institutions a common denominator in institutional approaches is seeing organizational behavior as socially embedded. Institutionalist approaches generally reject the notion that organizations are rational actors operating in response to singular and universal logics of economic efficiency (Saka, 2003: 22). While different institutionalist approaches share at a general level a common understanding of organizations as social contextually constituted, the approaches differ markedly in their conception of institutions which is attributed to their different disciplinary roots (Saka, 2003). Different Institutional approaches have also provided – at least initially – markedly different answers with regard to the transferability question of organizational forms and practices. Based on these two major differences – concepts of institutions and the transferability question – two bodies of approaches can be broadly distinguished and are discussed here. The *first body* of approaches is commonly described as the varieties of capitalism literature (e.g. Whitley, 1992; Lane, 1994; Hall and Soskice, 2001) or more broadly comparative institutionalism. The *second body* comprises approaches that build on new institutionalist thought (e.g. Meyer and Rowan, 1977; Zucker, 1977; DiMaggio and Powell, 1983). Interestingly, both strands dominate again in the US and Europe respectively and are, therefore, also labeled American institutionalism and European institutionalism (Tempel and Walgenbach, 2003; Geppert et al., 2004).

Although institutional perspectives with their strong focus on the social constitution of organizational forms suggest themselves for analyzing questions of transfers in MNEs, early institutionalist contributions were reluctant to do so. This initial neglect had basically two reasons: first, a relatively modest concern with MNEs and their subsidiaries as special kinds of organizations facing a particular institutional contextual complexity, and second, different contextual frames of reference, with organizational fields being the main frame of reference on the American side and the national institutional complexes on the European side. However, more recently contributions from both research traditions started to focus on the MNE and ask what happens when organizations face ‘institutional duality’ (Kostova and Roth, 2002) or are ‘organized across institutional divides’ (Morgan, 2001a). Thus, a number of studies emerged that apply institutional thought to the question how MNEs are contextually

constituted and to the question how contextual differences impact the cross-contextual transfer of organizational forms and practices in MNEs. In the following section, the focus is on major contributions of the American and European institutionalism.

American institutionalism or new institutionalism

Underlying theoretical perspective and main research goal: American Institutionalism or new institutionalism is theoretically rooted in the seminal contributions of Meyer and Rowan (1977), DiMaggio and Powell (1983), Zucker (1991) and Scott (1995). Early contributions in the American institutionalism suggest that the diffusion, i.e. transfer and imitation of organizational forms and practices within structured organizational fields is not only possible but widespread. Organizations grow more alike as certain organizational forms and practices diffuse in organizational fields. In this perspective there is only little room for concepts about transfer difficulties or different transfer outcomes. The focus is on the unifying forces of the field and field embeddedness of the organization. Essentially, the shared institutional context and pressures facing organizations in the same field explain the diffusion of organizational forms and practices across organizations. The lacking consideration of altered transfer outcomes in mainstream and particularly early American institutionalism can probably be best explained by a lacking focus on MNEs. That is on organizations that straddle by their very nature substantially different (nationally) institutional contexts or fields (Tempel and Walgenbach, 2003). However, despite this general neglect there is a small body of research that has applied new institutionalist thought to MNEs (e.g. Rosenzweig and Singh, 1991; Westney, 1993; Kostova, 1999; Kostova and Roth, 2002). These contributions address the questions: 1.) how subsidiaries of MNEs are contextually constituted given their embeddedness in different institutional contexts, conceptualized as 'institutional duality' (Kostova and Roth, 2002); and 2.) how 'institutional distance' (Kostova, 1999) between transfer origins and destinations impact practice transfers and implementations in MNEs.

Analytical level and unit of analysis: Processes of isomorphism in organizational fields are commonly the main level of analysis in new institutionalist though. New institutionalists that focus on transfers in MNEs, choose the implementation and internalization of specific organizational or managerial practices as the main unit of analyses (Kostova and Roth, 2002). While the subsidiary tends to be the main level of analysis, the explanatory analytical include firm/organization- and country level variables.

Conceptualization of enabling and constraining conditions for transfer and learning: While contextual constraints for the diffusion of organizational forms and practices are not the key concern in the seminal contributions from new institutionalism, even these early approaches cast doubts over whether a clean diffusion and imitation of organizational forms in the field can be expected under all circumstances (e.g. DiMagggio, 1988). Among other things, there is an acknowledgement that organizations may face different or even contradictory institutional pressures, which may be resolved by decoupling or ceremonial adoption (Meyer and Rowan, 1977; DiMaggio and Powell, 1983; see also Oliver, 1991).

In contrast, to these seminal contributions, new institutionalist approaches, focusing on MNEs have been explicitly concerned with practice transfer and transfer constraints. These contributions also develop differentiated answers with regard to transfer outcomes (although most contributions take a dichotomous view to describe such different transfer outcomes) (Kostova and Roth, 2002). Concerning the contextual constraints for transfers in MNEs, new institutionalist approaches argue that the 'institutional duality' of the subsidiary embeddedness (i.e. facing institutional pressures from the corporation and the country) and the 'institutional distance' between the origin and the destination of a transferred practice are root causes for transfer outcomes beyond simple imitation. These contributions also emphasize firm or organizational-context variables (particularly Rosenzweig and Singh, 1991; Kostova, 1999) – including specific strategic choices or different aspects of internal relations – for different transfer outcomes (Kostova and Roth, 2002). This latter attention can be attributed to the partial embeddedness of this literature in the field of IB.

Empirical and methodological focus of research: While there is not an extensive body of literature on the transfer of organizational forms and practices in MNEs from a new institutional perspective, those that are rely on quantitative statistical surveys. As far as the home and host countries of the researched MNEs are concerned, the studies include a large geographical variety (e.g. Kostova and Roth, 2002).

The European or comparative Institutionalism

Underlying theoretical perspective and main research goal: European institutionalism tends to be equated with the *varieties of capitalism literature* (Whitley, 1999; Hall and Soskice, 2001). However, as not all European institutionalists can be placed under this label, it is probably more appropriate to talk about comparative institutionalists. In contrast to American Institutionalism, European institutionalism is more diverse. Tempel and Walgenbach (2003) state that European institutionalists differ widely 'in focus and terminology' (Tempel and

Walgenbach, 2003). Major approaches that come under the broad label of European Institutionalism include the 'societal effect approach' (e.g. Maurice et al., 1980; Sorge, 1991) the 'national business system' approach (e.g. Whitley, 1992), the 'industrial order' approach (Lane, 1994) and the 'social systems of production' approach (Hollingsworth and Boyer, 1997). Despite all diversity, European institutionalists generally focus on the importance of national institutional settings and logics, and posit these contexts as crucial for the contextual constitution of organizations. European institutionalists also share defiance against propositions about global convergence or statements denying the ongoing relevance of national institutional systems in how business is conducted (Tempel and Walgenbach, 2003). Like American institutionalist, European institutionalists are initially not particularly concerned with transfers in MNEs. European institutionalists neglect cross border transfers because they focus in comparative studies on the national distinctiveness of institutional systems and on organizations embedded in these national frameworks. This implies little concern for organizations straddling different institutional contexts, such as MNEs. Moreover, even where such transfers are considered, national institutional forces are seen as overriding the foreignness of imported organizational practices (e.g. Sorge, 1995a). In other words, these early approaches suggest or imply that transfer outcomes mainly reflect local patterns, due to the overriding power of national institutional settings. However, since the late 1990s European institutionalists started to discover the MNE. They pay increasing attention to MNEs and ask: How do national institutional contexts shape the strategies and structures of firms that are organized "across institutional and national divides"? (Morgan, 2001a: 1). Like their American counterparts, European institutionalists focus on the question: 1.) How MNEs and their subsidiaries are contextually constituted, given their embeddedness in different institutional contexts, and 2.) how different institutional contexts between transfer origins and destinations impact the adoption of such transfers in MNEs. What is more, not only has it been realized that MNEs and their subsidiaries are impacted by institutional systems in complex ways, but it has also been questioned whether national institutional systems suffice to account for the contextual constitution of MNEs (e.g. Morgan, 2001c).

Analytical level and unit of analysis: Comparative institutionalists concerned with transfers of organizational forms and practices in MNEs chose mainly the micro-level as the main level of analysis. The main unit of analysis tends to be the process of transfer, adoption or adaptation of specific organizational forms and practices at the organizational lever or at the level of actors. With regard to explanatory levels of analysis, micro- as well as meso- and macro-level

factors (and their interaction) are being considered (e.g. Sharpe, 1997; Saka, 2003; Geppert, 2005; Becker-Ritterspach, 2005).

Conceptualization of enabling and constraining conditions for transfer and learning: European institutionalists focusing on MNEs and their subsidiaries come to consider increasingly issues of transfer in MNEs. However, it must be added that European institutionalist approaches differ substantially in whether and how they try to capture different transfer outcomes as well as the contextual constitution of MNEs. While there is a debate whether hybrid solutions can be expected to emerge at the level of the MNE as a whole (e.g. Whitley, 2001 vs. Lane, 2001), approaches dealing with the question at the subsidiary level, leave little doubt about such a possibility. However, over all – with the exception of Boyer's (1998) contribution – European institutionalists are weak in defining and typifying systematically a full range of different transfer outcomes. Concerning the contextual constraints giving rise to different transfer outcomes or the multi-contextual constitution of the MNE, European institutionalist attribute the different transferability of organizational forms and practices as well as different transfer outcomes to: 1.) different kinds of institutional contexts (e.g. more or less coherent and strong); 2.) the condition that organizational forms and practices emerge out of specific institutional context; 3.) and the conditions that organizational forms and practices may be embedded into these to a different degree. Moreover, like in other bodies of research on transfer, the nature of the transfer content itself receives attention (Sharpe, 1997; Boyer, 1998: Lorenz, 2000; Saka, 2003). However, it is noteworthy that the approaches differ again with regard to the level at which the relevant institutional context is located. Clearly, the national level has become but one level that is being looked at. Increasingly supra-national and regional contexts come into the focus (Morgan, 2007). Nevertheless, different institutional contexts remain the core focus to explain why organizational forms and practices change when transferred in MNEs. Overall, European institutionalist pay little attention to the question how different task environments or business environments in different markets impact transfers and their outcomes. Generally, the embeddedness of the subsidiary in the organizational context of the MNE and the impact of strategic choices at the MNE or subsidiary level are not addressed and empirically researched.

Empirical and methodological focus of research: Comparative institutionalists focusing on transfers in MNEs have mainly taken a qualitative case study approach. This choice is largely

based on the interest in transfer processes and outcomes at the micro-level – often involving specific actors. In this regard the work is close to the emerging social-constructionist perspectives in IB (Sharpe, 1997; Saka, 203; Geppert, 2005; Becker-Ritterspach, 2005). Like in most other bodies of literature on transfers in MNEs there is a bias toward researching manufacturing firms. In addition, transfers by western MNEs to their Central and Eastern European subsidiaries have been a particular empirical focus (e.g. Bluhm, 2001; Clark and Geppert, 2006; Dörrenbächer, 2004; Estrin et al., 1997; Manea and Pearce, 2004; Meardi and Toth, 2006)

2.4 The transfer of HRM practices and policies: International human resource management perspectives

In this last section we will briefly discuss two bodies of literature from the field of international human resource management that have also contributed to issues of transfer and learning in MNEs. While the first body of literature refers to HRM practice transfer issues following from strategic international human resource management models (SIHRM), the second body is rooted in institutionalist thought and has focused on the transfer of HRM practices within MNEs. In addition, a third body of literature can be identified focusing on the role of expatriates of as knowledge transfer agents or knowledge brokers in MNEs (e.g. Belderbos and Heijltjes, 2005). While this body of research deserves further exploration within the context of transfer and learning in MNEs, its discussion is beyond the scope of this paper.

Transfers in strategic international human resource management models

Underlying theoretical perspective and main research goal: Starting in the1990s there have been a number of contributions that sought to develop ideal configurations of Human Resource Management in MNEs (Schuler et al. 1993; Taylor et al. 1996; De Cieri and Dowling, 1999). Such models, either labeled International Human Resource Management (IHRM) or Strategic International Human Resource Management (SIHRM) seek to understand the complex contextuality Human Resource Management in MNEs has to respond to in order to be: competitive throughout the world, efficient, locally responsive, flexible and adaptable within short time frame and capable of learning and knowledge transfer in the multinational network (Schuler et al., 2002). At their very core SIHRM models stress the ongoing challenged for HRM in MNEs to strike a balance between requirements of global integration and local responsiveness. It is also within this context that different transfer orientations of HRM practices are being discussed. The main argument is that such transfer

orientations should be designed in accordance with the MNEs' strategic orientation. Now, Taylor et al. (1996: 966) define SIHRM orientations as "the general philosophy or approach taken by top management of the MNC in the design of its overall IHRM system, particularly the HRM systems to be used in its overseas affiliates". Taylor et al. (1996) suggest that three orientations can be adopted including the exportive, adaptive and integrative. While in the adaptive orientation the subsidiaries' HRM reflects the local environment involving no transfer; the exportive orientation occupies the opposite pole and involves an all out transfer of the parents' HRM practices. The integrative mode, in turn, seeks to accumulate the best HRM from worldwide operations to implement them world over. In the integrative mode there is also scope for local differentiation in HRM in a number of areas.

Thus, a key interest in (S)IHRM models has been the question what kind of context conditions have to be taken into account to configure HRM in MNEs and what this implies in terms of the transfer of HRM practices. With regard to theory, (S)IHRM models are rooted in the environment structure strategy paradigm of IB field. However, work on (S)IHRM models goes substantially beyond this framework and has drawn on a wide range of theoretical approaches to account for the contextual complexity HRM in multinationals has to accommodate. Sparrow and Braun (2006), for example identify as many as five different theoretical perspectives in this stream of research including: the resource dependence theory, the resource based view of the firm, the knowledge based view of the firm, and organizational learning theory, relational and social capital theory and institutional theory.

Analytical level and unit of analysis: In this body of literature the main level of analysis has been the IHRM or SIHRM models at the level of the MNE as a whole. However, as part of this broader focus, the subsidiary-level HRM configurations and the transfer of HRM practices have also become a crucial sub-unit of analysis. In terms of explanatory analytical levels, there is a wide consideration of micro-, meso- and macro-conditions. As country, industry and firm level factors all have an explanatory role (Schuler et al., 1993; De Cieri and Dowling, 1999; Taylor et al., 1996). Schuler et al. (2002: 41) suggest the need to study IHRM in context and suggest the "use of multiple levels of analysis when studying IHRM: the external social, political, cultural and economic environment; the industry, the firm, the sub-unit, the group, and the individual".

Conceptualization of enabling and constraining conditions for transfer and learning: With regard to the contextual conditions shaping the ideal strategic international human resource

management of MNEs and their orientations towards transfer of HRM practices and policies, a wide range of exogenous (Industry characteristics, country-regional characteristics, inter-organizational networks) and endogenous factors (MNE strategy and structure) have been suggested (Schuler et al., 1993; De Cieri and Dowling, 1999). Taylor et al. (1996) suggest that the SIHRM-orientations (exportive, adaptive, integrative) and HRM practice and policy transfer or transferability have to be related to the parent's international strategy and top managers' beliefs and national origins on the one hand and subsidiary level conditions such as the subsidiaries strategic role, method of establishment, parent-subsidiary cultural and legal distance on the other (see also Shen, 2005). Remarkable about this contextual consideration is the deliberate integration of strategic and socio-cultural/institutional factors in one model.

Empirical and methodological focus of research: SIHRM and IHRM models discussed here tend to be theoretical or conceptual and normative in nature. There is little evidence that the wide range of propositions put forward by these models have been systematically tested empirically. Notable examples of studies that empirically investigate parts of these models are, the contribution by Dickmann and Müller-Camen (2006) looking in a qualitative study at the IHRM strategies of six German MNEs, case studies by Osland and Osland (2005) on MNEs operating in Central America and Panama and a survey on Australian MNEs by Kim and Gray (2005) .

Transfer and reverse transfer of HRM practices and policies

Underlying theoretical perspective and main research goal: The second major body that is being discussed here revolves around HRM solutions and HRM practices and policy transfers in subsidiaries drawing on different streams of institutionalist thought. Drawing on new institutionalist thought Rosenzweig and Nohria (1994), Björkman and Lu (2001) and Rosenzweig (2005) investigate whether HRM practices found in subsidiaries reflect 'global integration' / 'standardization' or local 'responsiveness' / local 'adaptation'. Björkman et al. (2007) test a range of factors seen to influence practices adopted in US, Japanese, and European MNEs from a new institutional perspective. Specifically, they analyze the connection between a variety of host country and subsidiary factors on the implementation of HRM practices. While the new institutionalist perspective on HRM transfer tends to focus on the dual institutional pressures exerted by the MNE and the host context into which subsidiaries are embedded; the comparative institutionalist perspective focuses more on the effects of country-of-origin and host-country institutional systems. The contributions by Ferner and Edwards (Ferner et al. 2001; Ferner et al. 2005; Edwards et al. 2005) are

exemplary in this regard. The major goal is here to understand how national institutional differences (mainly understood as different national business systems) impact HRM practice transfer and transfer outcomes within MNEs (Ferner et al. 2001; Ferner et al. 2005). What is more there is not only and interest in headquarter-subsidiary transfers but in reverse transfers (Ferner and Varul, 2000; Edwards et al. 2005).

Analytical level and unit of analysis: In both institutionalist streams on HRM practice transfer the main unit of analysis is the transfer of HRM practices. The main level of analysis is the subsidiary. However, there are differences with respect to explanatory analytical levels. In the new institutionalist stream the MNE and the host country are the main levels. In comparative institutionalist work it is mainly the country-of-origin and the host country.

Conceptualization of enabling and constraining conditions for transfer and learning:
While in the new institutionalist stream institutional conditions at the firm- and host-country level is the major focus, the comparative institutionalists focus more on home- and host-country institutional conditions. In line with different scholarly backgrounds the concepts of institutional contexts differ. However, while comparative institutionalist have been much weaker in considering the contextual impact of MNEs' strategy or structural configuration, there are first consideration in this direction (e.g. Edwards, 2004; Edwards and Kuruvilla, 2005).

Empirical and methodological focus of research
Depending on the institutional approach there has been a focus on either qualitative case studies or quantitative surveys. The European or comparative institutionalist mainly conducted case studies on European MNEs and their subsidiaries in Europe (See Ferner and Edwards case study approach). Conversely, American or new institutionalists based their studies on larger datasets of globally operating MNEs (e.g. Björkman et al. 2007).

3. Conclusion and discussion: differences, gaps and synergies

The literature review of four major bodies of literature has shown that transfer and learning in MNEs has found a wide ranging research interests that stretches well beyond the field of IB. What is more, while scholars from the field of IB have moved into non-economic or firm-related bodies of theory to understand for the complex contextuality that underlie transfers and learning in MNEs, scholars from other fields such as organization studies or social theory have moved into the field of international business asking about the contextual constitution of

MNEs and about transfer processes and learning as a part of that. However, these moves should not cloud the fact that important lines of demarcation remain in terms of *research goals and theory, analytical level and unit of analysis, conceptualization of enabling and constraining conditions* and *empirical and methodological focus of research*. In this last section we will therefore highlight the most important differences. Thereafter we will make some suggestions about scope for synergies between different fields

Research goals and theory

There are a range of crucial differences across and within the four main bodies of literature with regard to research goals and underlying theory. First, we can find major differences as to whether the processes or outcomes are being looked at (see also Werner, 2002). Second, there are crucial differences with regard to what process or outcome aspect is being looked at and how these are conceptualized. Third, there remain substantial differences in terms of dominant theory use (integration efforts).

First, it is probably fair to say that most contributions focus more on transfer and learning outcomes as compared to transfer and learning processes. Part of the explanation for this bias lies in the difficulty to track transfer processes and learning with quantitative cross-sectional research tools. Nevertheless, contrasting with the huge body of knowledge flow literature, the lean production approach and new institutionalist perspectives, there are small pockets of contributions in the learning stream of IB, in the labor process perspective as well as in comparative institutionalism that have been able to take a more embedded process perspective of such processes at the micro-level (e.g. Hong et al. 2006a/b; Sharpe, 1997; Saka, 2003; Becker-Ritterspach, 2006).

Second, as the review of the literature shows not all contributions on transfer and learning in the context of MNEs actually focus on transfers and learning outcomes or processes from the perspective of the MNE. Contrasting perspectives are here the knowledge flow and lean production perspective on the one side, and the developmental technology transfer and labor process literature on the other. While the former approach focuses on successful transfer and performance outcomes from the managerial and/or firm perspective, the latter focuses more on host or local consequences for labor or the country development at large. Moreover, where transfer and learning is looked at from a MNEs perspective, there is a wide range of what transfer content or process aspect of the transfer is being looked at. Main differences exist

here between the transfers of individual practices predominant in institutional perspectives and the transfer of whole systems as common in the Japanization or transplant research. Another difference exist between the transfer of mainly 'hard' physical technologies or knowledge as common in the technology transfer stream, and the transfer of 'hard' and 'soft' or explicit and tacit knowledge as has been considered in the knowledge flow literature and other bodies of literature. While it is beyond the scope of this paper to discuss how technology and knowledge are defined in different contributions (see Chini, 2004), it goes without saying that these terms are far from unambiguous and can involve wider or narrower definitions. Apart from the variation in content types transferred, there is also a marked difference how transfer outcomes are being conceptualized. Overall, mainstream contributions from the knowledge flow literature have not been very concerned with transformations or adaptations of the transfer content or of the receiving context as a result of transfer activity. Similarly, the early lean production literature and early new institutionalist contributions did give much attention to such changes. In contrast, approaches on transfer and learning considering the social constitution of transfer processes and learning – such as the new learning stream in IB, more recent institutionalist work, and the labor process stream – tended to be much more attentive and interested in such transformations. Also different aspects of learning and transfer processes have found attention. For example, while most researchers have focused on knowledge flows or diffusion, few have focused on knowledge creation and integration. What is more, few approaches have considered how these different process steps constitute each other (Becker-Ritterspach, 2006). Overall, few approaches theorize (e.g. Szulanski, 1996) and empirically research such learning and transfer processes in full.

Finally, in terms of theory use, despite first steps towards cross-fertilization, there has remained a marked contrast between different contributions. While most mainstream contributions on knowledge transfer in IB draw on contingency theory (which developed into the environment strategy structure paradigm in IB) and a range of theories of the firm combined with some selective adoption of organizational learning views, comparative institutionalists and labor process researchers draw on institutionalist theories and the labor process theory without much attention or reference to economic theories, theories of the firm or the field of IB in general. Although individual contributions – basically within all major bodies discussed – are starting to cross the lines of demarcation (e.g. SHIRM frameworks discussed), there are few efforts to bring together, let alone to integrate or synthesize such theory perspectives. It should also be mentioned that with the exception of the small body of

contributions in the learning stream, an organizational learning perspective on the MNEs is utterly weak. Such a finding is even more surprising if we keep in mind the importance attributed to world-wide learning for the MNE's completive advantage.

Analytical level and unit of analysis

Across different steams the most frequently chosen level of analysis is the subsidiary. However, here too we can see some systematic variation between the different research streams. The most important line of demarcation can be drawn between the technology transfer, knowledge flow, lean production and new institutionalist perspective on the one hand and the learning perspective in IB, labor process and comparative institutionalist perspective on the other. While the former tend to look at the aggregate level of the firm/subsidiary, the latter tend to also look below at the level of actors. For example, the knowledge flow literature mainly focused on knowledge inflows and outflows at the subsidiary level. This contrasts with approaches from comparative institutionalism that have focused on levels below (teams) and above the subsidiary (the MNE as a whole). In terms of units of analysis and explanatory levels there is substantial variation within and across the bodies of literature and even the sub-streams. While units of analysis revolve around knowledge inflows, outflows, creations adoptions, learning etc. at the subsidiary level there is a natural variation within and across the different bodies of literature. Moreover, explanatory levels vary markedly. Contrasting poles are again the knowledge flow stream and the comparative institutionalist stream focusing on the firm (MNE and subsidiary characteristics) on the one side and the national institutional context on the other as the main explanatory dimension. While there is an increasing amount of contributions in all stream that seek to combine firm level, industry and country level explanatory factors, there tends to be a biased focus on either firm or country level constructs. It appears that industry level explanatory frameworks have remained generally weak. A first promising development of combing industry and country level factors impacting knowledge processes and learning could lie in recent efforts to conceptually combine the new intuitionalist perspective (with its focus on fields and sectors) and the comparative institutionalist perspective (with its focus on different national institutional systems) (Tempel and Walgenbach 2003, Geppert et al. 2004; Becker-Ritterspach and Becker-Ritterspach, 2006). In general few approaches chose the interaction between different analytical levels in learning and knowledge transfer processes as their unit of analysis. The same holds true for the interaction of different explanatory analytical levels in explaining learning and knowledge transfer processes and their outcomes. Thus, integrating or

looking at the interaction of micro-, meso-, and macro-levels to understand and explain transfer and learning processes in MNEs seems to be a new avenue for further research (Scott, 1994). In this regard approaches of co-evolution could be a possible starting point.

Enabling and constraining conditions

Most contributions discussing issues of transfer and learning in MNEs consider sets of different contextual conditions. The contexts that are considered can be broadly classified into four categories depending on whether 1.) the internal and/or external environment of the firm is being looked at and whether 2.) the social and/or strategic environment of the firm is being looked at. Under the social context we understand cultural and/or institutional patterns within and outside the firm. It goes without saying that both interpenetrate each other in an open system perspective. Under strategic context we understand economic or business contextual conditions within and outside the firm. These can be captured by the market conditions for inputs (supply side) and outputs (demand side), the strategic choices in response to such conditions, the corporate structure and task environment corresponding with strategic choices, and the availability, combination, control and coordination of assets, capabilities and resources required to serve the organizational strategy/task.

Now, the review of the literature suggests that most streams focus on only two out of the four kinds of environment to explain contextual conditions of transfer and learning in MNEs. Specifically, while the technology transfer, the knowledge flow stream and the lean production stream tend to focus on internal and external strategic environments, the organizational learning stream in IB, the labor process and comparative institutionalist stream tend to focus mainly on internal and external social conditions (see table 1).

Table 1: The contextual focus of different bodies of literature

Environmental context of firm	Internal	External
Strategic	Technology transfer Knowledge flow Lean Production New Institutionalism SIHRM	Technology transfer Knowledge flow Lean Production SIHRM
Social	Organizational learning Labor Process Comparative institutionalism (SIHRM)	Organizational learning Labor Process Comparative institutionalism New Institutionalism SIHRM

In our view, the new institutionalists and SIHRM stream are somewhat of an exception to this demarcation as they most clearly cross the line between strategic and social contexts. SIHRM models offer probably the most compressive efforts to account for different kinds of contexts to understand HRM configurations and transfers in MNEs. Yet, a word of caution is in place here. Contributions that combine social and strategic contextual frameworks (e.g. SIHRM models) remain to a large extend additive rather than integrative. In our view a major challenge to understand transfers and learning in MNEs is to consider internal and external social and strategic context as well as how they are related. This could involve in a first step bringing together theories of the firm and institutionalist approaches, considering the mutual constitution of resources/capabilities and institutional patterns/systems. Finally, while most approaches consider characteristics of the transfer content and potential misfits between these contents' contextual requirements and contextual conditions at the receiving end as a major reason for adaptation, few see these adaptation processes as multi-directional or dialectical. In other words, few approaches emphasize both: the adaptation of the receiving context to the transfer content (as emphasized by lean production proponents) as well as the adaptation of the transfer content to the receiving context (as emphasized by comparative institutionalists) and under which conditions what kind of adaptation mode kicks in. Such a concern would also allow seeing transfer as processes of dialectical transformation in which transfer contents transforms the receiving context as much as the receiving context transforms the transfer contents (Becker-Ritterspach 2006).

Empirical and methodological focus of research

Review in the different bodies in terms of methodology and empirical terms also unveil clear lines of demarcation. While American scholars and scholars drawing on economic theories or theories of the firm tend to draw on quantitative statistical surveys as the main research methodology, European scholars drawing on organization and comparative institutionalist perspectives are more inclined to apply qualitative (often comparative) case studies. Put differently, the technology transfer, the knowledge flow and new institutionalists mainly employ large scale statistical surveys that cover a wide range on MNEs from different countries. In contrast, the organizational learning approach in IB, the labor process stream and the comparative institutionalists draw mainly on case studies on MNEs from Europe or at least operating in Europe. The regional bias in most case studies (US and UK in Japanization/Transplant research or Europe among comparative institutionalists) reflects on

the one hand patterns of FDI and conditions of accessibility on the other. Exempting the technology transfer contributions, MNEs form developing countries or MNEs/subsidiaries active in the development countries appear to be under researched in the context of transfers and learning in MNEs. There also appear to be a sector and industry biasws across all contributions. Most studies look industrial manufacturing firms. MNEs active in the service or agricultural sector receive much less attention. In methodological and empirical terms, there is scope for combinations of qualitative and quantitative studies. On the one hand, this would allow for more process/micro-level based and multi-level analyses in the knowledge flow and new institutionalist literature. On the other hand, it would contribute to more representative and international perspectives in learning and comparative institutionalist streams (see table 2 for summary).

- Insert table 2 about here -

To summarize the discussion above: Drawing on the review of major bodies of literature and streams on transfer and learning the following potential for synergies and further research can be identified: First, there is a general need to focus more on transfer and learning processes as a whole and on the micro-level as compared to pure outcome perspectives at the aggregate firm level. Ultimately such a shifted focus also allows for a better understanding of the outcomes of transfers and learning in MNEs. Second, given the theoretical demarcations found, there is still a lot of scope for theory integration and cross-fertilization of more economic or firm based theories on the one side and social theories on the other. Third, with some notable exceptions organizational learning perspectives have so far hardly be introduced or applied to the context of MNEs. Fourth, seeing transfers and learning embedded in industrial contexts – such as 'industrial' innovation systems – has been weak. A possible avenue to giving sector context more attention could be efforts seeking to combine the field/sector centered new institutionalisms and the country centered comparative institutionalism. Such a perspective would allow considering the dual embeddedness of MNEs in globalization (or regionalization) pressures of certain industries and the ongoing pressures of different national institutional systems that interact with the former. Fifth, there is substantial scope for integrating or looking at the interaction of micro-, meso-, and macro-levels to understand and explain transfer and learning processes in MNEs. Sixth, contributions that combine social and strategic contextual frameworks remain not only rare but to a large extend additive rather than integrative. In our view a major challenge to understand transfers

and learning in MNEs is to consider internal and external social and strategic context simultaneously. Seventh, in transfer research few approaches emphasize at the same time the adaptation of the receiving context to the transfer content as well as the adaptation of the transfer content to the receiving context. There is thus scope for approaches combining these adaptation modes and exploring the conditions under which different adaptation modes kick in. Eighth, there is scope for combinations of qualitative and quantitative studies in methodological and empirical terms. Given sector, industry and country biases there is scope for a more even distribution in this regard. Particularly, qualitative case studies concerned with transfers and learning in MNEs should pay more attention to MNEs originating or operating in developing or emerging economies.

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Table 2: Summary of findings from review

Analytical Aspect Approach	Theoretical perspective and main research goal:	Dominant analytical level/ unit of analysis	Enabling & constraining context. conditions for transfer and learning	Empirical/ methodological research focus
International Business				
Technology Transfer	Conditions, modes and effects of technology transfer to developing countries, including their firms, industry or whole economy *Economic theories (e.g. trade theories) and theories of the firm (e.g. transaction cost), development approaches*	Mainly industry, and country level. Some firm-level. Practically no consideration of the actor level	International technology market conditions (e.g. nature of competition), country characteristics (e.g. skills, technological capability), industry (e.g. nature of technology) and firm (e.g. strategy) conditions and nature of technology (e.g. novelty)	Predominantly quantitative statistical surveys on industrial sectors/manufacturing firms of developing countries
Knowledge Flow	Conditions and constraints of knowledge creation, diffusion and adoption in MNEs *IB perspectives Contingency theory, learning theory, theories of the firm*	Mainly firm/subsidiary level. Practically no consideration of the actor level	Mainly complex organizational characteristics of MNEs: knowledge characteristics, sending/receiving unit and internal network characteristics (some external network characteristics)	Predominantly quantitative, statistical surveys on aggregate firm level; mainly MNEs form different countries, sectors and industries
Learning	Understanding learning in MNEs in behavioral terms and in terms of their social constitution and embeddedness *Mainly different organizational learning theories*	Firm/subsidiary and actor level	Knowledge characteristics, social characteristics (institutional, cultural) in and outside the firm	Predominantly quantitative case studies mainly in industrial sectors/manufacturing firms
Japanization				
Lean production	How Japanese production systems can be transplanted *Weak theoretical underpinning, mainly managerial-user oriented*	Mainly firm/subsidiary level	Initially little concerns for contextual constraints; recently concern for task environment in firm and industry (e.g. production process, labor intensity) and business conditions (e.g. factor costs); some concern for characteristics of transfer content (e.g. institutional embeddedness)	Both, qualitative case studies and statistical surveys of mainly Japanese automobile transplants in the USA
Labor process	The possibility of Japanization of the British industry and its social consequences for labour *Labor process theory with roots in Marxism*	Mainly firm/subsidiary and actor level. Some industry and country level	Different capitalist relations across countries, regions and their reflection in firms; limited concern for strategic and task environmental conditions in MNEs	Qualitative case studies on British manufacturing firms or Japanese transplants in the UK

Institutionalist Perspective in Organization Studies				
New institutionalist	How are subsidiaries and their practices constituted given their dual embeddedness in the MNE and the host context and how does this 'institutional duality' impact the adoption of practices transferred. *New institutional theory and IB(contingency approach) perspectives*	Mainly firm/subsidiary level	Institutional pressures from MNEs and host context. Internal strategic conditions in MNEs partly considered	Predominantly quantitative statistical surveys on aggregate firm level; MNEs form different countries, industrial sectors/manufacturing firms
Comparative institutionalist	How are MNEs contextually constituted given their divers institutional embeddedness and how does institutional difference impact organizational forms and practice transfers in MNEs *Different comparative institutionalist perspectives*	Firm/subsidiary/MNE and actor level	Mainly institutional characteristics of country of origin and host country and region; institutional context within the firm/subsidiary; transfer content characteristics	Predominantly qualitative case studies on manufacturing MNEs operating in Europe.
IHRM perspectives				
SHIRM	Ideal models on HRM in MNEs including HRM transfer requirements as part such models. *IB perspective (contingency approach), culturalist, institutionalist, social capital theories and theories of the firm, organizational learning theory*	Firm/subsidiary/MNE level	A wide range of exogenous (Industry characteristics, country-regional characteristics, inter-organizational networks) and endogenous factors (MNE strategy and structure)	Mainly normative/conceptual models: some qualitative case studies on MNEs from different world regions.
Institutionalists	Institutional conditions and constraints impacting the transfer of HRM practices in MNEs *Comparative institutionalist and new institutionalist theory*	Firm/subsidiary/MNE level and actors	Mainly institutional characteristics of country of origin and host country and region; institutional context within the firm/subsidiary; transfer content characteristics	Depending on the institutional approach, focus on either qualitative case studies (European manufacturing MNEs) or quantitative surveys (MNEs from different industrial sector and country backgrounds)