ORGANIZATIONAL COMMITMENT OF EMPLOYEES IN EMERGING MARKET MULTINATIONAL ENTERPRISES IN DEVELOPED MARKETS – A CONCEPTUAL APPROACH

— EIBA 2015, Track 4 —

KEYWORDS

Social Exchange Theory; Springboard Perspective; Organizational Commitment; Emerging Market Multinational Enterprises (EMNEs); Turnover Intentions

ABSTRACT

Resulting from their dissimilar institutional backgrounds, Emerging Market Multinational Enterprises (EMNEs) show distinct characteristics and behaviors compared to foreign Developed Market Multinational Enterprises (DMNEs). EMNEs are usually characterized as latecomers and typically follow a springboard behavior when they internationalize to developed markets. Although, these differences between EMNEs and DMNEs are discussed in research, they have not been further investigated in the field of International Human Resource Management (IHRM). However, since there is a remarkable appearance of EMNEs in developed markets, potential HRM issues deriving from EMNEs' domestic heritage should not be ignored any longer.

Based on social exchange theory, this paper analyzes antecedents of direct and indirect social exchange and their influence on organizational commitment of employees in subsidiaries in developed markets. In particular, the paper identifies antecedents relevant in IHRM, where differences between foreign DMNEs and EMNEs are to be expected. Hence, the paper analyzes dissimilarities in their ability to retain employees in foreign subsidiaries, comparing the influence of EMNEs' and DMNEs' organizational support, their parental control, HR practices, and their reputation on the organizational commitment of employees in developed markets.

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INTRODUCTION

Due to skill shortages and crucial demographic changes, the development of qualified and committed employees is among today's greatest challenges for Multinational Enterprises (MNEs) (Rabl & Triana, 2013). Prior research points out that having committed employees helps to successfully compete against local and foreign companies, since a high organizational commitment usually leads to a higher job satisfaction (e.g. Bateman & Strasser, 1984), better work performance (e.g. Meyer, Paunonen, Gellatly, Goffin, & Jackson, 1989), lower absenteeism (e.g. Mowday, Steers, & Porter, 1979), and a lower risk of turnover (e.g. Wayne, Shore, & Liden, 1997).

Research on organizational commitment has received a great deal of attention in the field of psychology, organizational behavior, and international human resource management (IHRM) (for reviews, e.g. Bergman, 2006; Mathieu & Zajac, 1990). Moreover, the concept of organizational commitment has increasingly been investigated in an emerging market context (Agarwal, 2011; Froese & Xiao, 2012; Gamble & Huang, 2008; Hofman & Newman, 2014; Wang, 2008). For instance, Gamble and Huang (2008) demonstrate that organizational commitment affects turnover intentions of Chinese employees working for a British retailer in China. More recently, Froese & Xiao (2012) examined the relationship between work values and organizational commitment in German subsidiaries in China, showing that Chinese employees' work values affect their commitment to the foreign MNE.

However, the organizational commitment of employees working for EMNEs in a developed market context has not yet been empirically investigated. This is very surprising, considering the remarkable appearance of EMNEs in developed markets, changing the nature of the world economy. Due to these South-North-investments (Ramamurti & Singh, 2009), the number of employees working for EMNEs in developed markets tremendously increases. Moreover, especially EMNEs need a highly committed workforce in developed markets for two main reasons. Firstly, due to a later institutional transition of their home countries, EMNEs are in different internationalization stages than foreign Developed

Market Multinational Enterprises (DMNEs) (Dunning, Kim, & Park, 2008). Hence, they need a competent local workforce to quickly gain foothold in the foreign market and to overcome their lack of developed market experience. Otherwise they cannot compete with and catch-up to globally experienced foreign DMNEs. Secondly, EMNEs primarily enter developed markets to gain managerial, technological, and innovation capabilities they cannot develop in their home countries (Child & Rodrigues, 2005; Goldstein, 2009; Miller, Thomas, Eden, & Hitt, 2009). According to the springboard perspective, EMNEs commonly use their market entry as a springboard to systematically attain new strategic resources rather than to exploit their own capabilities in developed markets (Luo & Tung, 2007). In other words, they usually follow a springboard approach using risk-taking entry modes (e.g. acquisitions and greenfield investments) in order to reach their knowledge-seeking motives and to escape their institutional voids at home (Luo & Tung, 2007). As employees are the means to gain such strategic resources, which cannot be attained elsewise, their commitment is of utmost relevance for EMNEs' survival in developed markets.

Although prior literature on EMNEs point out that these latecomers are distinct from DMNEs, research does not analyze how EMNEs' unique characteristics and behaviors may affect employees in EMNE-owned subsidiaries in developed markets. However, we expect that EMNEs' characteristics and behaviors, like their differing resource endowments, their scarcity of developed market experience, and their accelerated speed of internationalization, also influence how they manage their employees in foreign subsidiaries and in turn how employees react to them. More specifically, it remains a question, if EMNEs have the ability to support employees in developed markets, in which way they control these employees, and if they have sophisticated HR practices to appropriately develop and promote them compared to DMNEs. Moreover, it needs to be investigated how the community's opinion might differently affect the organizational commitment of employees in EMNE-owned and DMNEs-owned subsidiaries. Organizational support, employee-oriented HR practices, and an appropriate degree of control are means of an organization to treat employees well and thus directly affect the social exchange with its employees. Furthermore, outsiders can also shape employee commitment through an indirect social exchange, e.g. prior research underlines that the community's opinion of the organization can shape organizational commitment as well (Fuller, Hester, & Barnett,

2006). Hence, the paper analyzes if and to what extent antecedents of direct and indirect social exchange affect organizational commitment in EMNE-owned compared to DMNE-owned subsidiaries. Identifying potential differences between the influence of these antecedents on organizational commitment in EMNEs and DMNEs is crucial, as it indicates the existence of the liability of emergingness (LOE) in the light of IHRM and gives insights if EMNEs are able to retain committed employees in developed markets. Thus, by adapting social exchange theory and the springboard perspective to the context of EMNEs in developed markets, the comparative framework sheds light into HR challenges of EMNEs versus DMNEs, specifically focusing on their differing challenges to retain committed employees in developed markets.

Additionally, empirical studies on EMNE research mainly concentrated on their motives linked to the establishment mode chosen in developed markets (Gubbi, Aulakh, Ray, Sarkar, & Chittoor, 2010; Guillén & García-Canal, 2009; Rui & Yip, 2008). Nonetheless, it is not investigated if organizational commitment in some way varies, depending on the establishment mode chosen by EMNEs. Research points out that there may be a difference in organizational commitment in acquired and newly founded subsidiaries (Harzing, 2002). For instance, Slangen & Hennart (2007) found that employees in greenfield subsidiaries are generally more open to the parent company's business practices. Since EMNEs are, in contrast to DMNEs, well-known for their accelerated speed of internationalization (Guillén & García-Canal, 2009) and their specific knowledge-seeking motives (Giuliani, Gorgoni, Günther, & Rabellotti, 2014), we are also interested how the entry mode chosen by EMNEs might help to overcome HR disadvantages and how the entry mode choice support the catching-up to foreign DMNEs.

Overall, we seek to address the following questions: (1) Do antecedents of direct and indirect social exchange differently influence the organizational commitment of employees in EMNEs' and DMNEs' subsidiaries? (2) In developed markets, does the establishment mode chosen by EMNEs have an impact on organizational commitment? In particular, does the entry mode help to develop committed employees? and (3) Are EMNEs indeed challenged by less committed employees in developed markets compared to their Western counterparts, supporting a LOE in the context of HRM?

The paper proceeds as follows. First, from the springboard perspective, we give insights into the differences between the characteristics and behaviors of EMNEs and DMNEs discussed in prior research and then present the social exchange theory as the theoretical foundation of the framework. We then provide a framework, which analyzes the distinct influence of antecedents of direct and indirect social exchange on organizational commitment in EMNE-owned versus DMNE-owned subsidiaries. Therefore, we (1) present the antecedents and their influence on organizational commitment in general, (2) explain potential differences of their influence between EMNEs and DMNEs under the tenets of springboard perspective, and (3) further look at the entry mode choice as a moderating variable on these relationships in EMNE-owned subsidiaries. The paper concludes with implications, limitations, and avenues for future research.

THEORETICAL BACKGROUND

The springboard perspective and EMNEs' unique characteristics

According to Luo & Tung (2007), the springboard perspective should be seen as a supplement to existing theories, which helps to examine EMNEs' unique characteristics and challenges abroad. They argue that EMNEs show distinctive behaviors when they internationalize to developed markets. In particular, EMNEs use internationalization as a springboard to mitigate their latecomer-status, catch-up to their global rivals, and to escape their institutional voids at home (Luo & Tung, 2007). Besides increasing their market shares, EMNEs typically enter developed markets to acquire strategically relevant resources which they cannot gain in their home countries. Although they have ownership advantages, e.g. having low manufacturing costs, they seek brands, managerial capabilities, technology, and human capital to climb up the value chain in developed markets (Giuliani et al., 2014; Luo & Wang, 2012). Thus, contrary to DMNEs, they rather augment strategic developed market resources during internationalization than exploit their own capabilities (Buckley et al., 2007; Luo & Tung, 2007). To do so, EMNEs either acquire well-known host country companies with high brand recognition and a certain superior knowledge-base or they highly commit to a foreign market by directly founding a subsidiary on site. Either way, springboard perspective postulates that EMNEs usually internationalize in a non-path-dependent way (Luo & Tung, 2007). Thus, they usually

approach a foreign country with radical investment size and their location choice is less influenced by cultural or institutional distance between home and host countries (Luo & Wang, 2012). While such a springboard behavior can offer EMNEs good chances to quickly gain foothold in relevant foreign markets, these latecomers are also confronted with unique challenges due to their domestic heritage. In this context, springboard perspective postulates that EMNEs are, contrary to DMNEs, challenged by a generally weaker corporate governance, a lack of global experience and managerial competence, and by difficulties with post-spring integration (Luo & Tung, 2007). Western stakeholders may view EMNEs with mixed feelings, as they associate EMNEs with a high involvement of their home country government, with inadequate infrastructures, or nontransparent business practices (Giuliani et al., 2014). Hence, although these associations might not be true for the majority of EMNEs, they still are confronted with stereotypical country images, which could lead to discrimination by Western stakeholders (Held & Berg, 2014).

Overall, the springboard perspective describes EMNEs' internationalization as a compensatory response, enhancing EMNEs' critical resources rather than exploiting existing ownership advantages (Luo & Rui, 2009). It has been widely applied to prove its validity and to confirm EMNEs' accelerated speed of internationalization. For instance, in their study of 425 cross-border acquisitions, Gubbi et al. (2010) showed that Indian companies facilitate relevant strategic resources and become more competitive when they enter developed markets with acquisitions. In an empirical study surveying 153 Chinese senior corporate executives, Luo & Wang (2012) found that Chinese executives' investment decisions are pushed by the competitive pressure and perceived institutional hardship at home, confirming that internationalization is used by EMNEs as a springboard to escape institutional voids at home. Using a sample of 154 Chinese firms, Cui, Meyer, & Hu (2014) demonstrate that their weak corporate governance and their lack of managerial capabilities contribute to firms' strategic intent to catch-up by acquiring strategic assets abroad.

However, EMNEs' post-entry challenges, specifically the challenges in IHRM, have not yet been examined in light of the springboard perspective. Yet, it is crucial to examine in which way EMNEs' unique characteristics and challenges might have an impact on the relationship of the EMNE parent company and its employees in the respective subsidiary. Moreover, it is of high interest to investigate

how EMNEs' springboard behaviors affect their ability to keep and develop committed employees, since retaining a well-educated workforce is important for EMNEs in order to augment necessary strategic resources. Without a committed workforce, EMNEs cannot catch-up to foreign DMNEs and will have difficulties to mitigate their latemover-status. Figure 1 illustrates the interplay between EMNEs' springboard behaviors, unique challenges, and distinctive characteristics, which will be applied to the context of IHRM in this paper.

--- Insert Figure 1 here---

The social exchange theory as theoretical foundation of the conceptual framework

Regardless where the MNEs' headquarters are located, MNEs need to create a successful relationship between them and their employees in foreign subsidiaries. In this context, a sufficient social exchange plays a fundamental role in the relationship between the two parties as it creates organizational commitment and minimizes turnover (Alfes, Shantz, Truss, & Soane, 2013; Koster, 2011; Rhoades, Eisenberger, & Armeli, 2001). Thus, social exchange can be seen as a mutual investment to create a long-term, high-quality relationship between the employer and its employees (Chang, Chin, & Ye, 2014). Social exchange theory is based on the premise that all relationships are social and follow the rule of reciprocity, meaning that actions of the employer cause a response of its employees, who then are obliged to reciprocate (Blau, 1964; Emerson, 1976; Homans, 1961). For instance, if employees perceive that the organization cares about their well-being and values their contribution, they more likely respond with positive work behaviors and attitudes (Eisenberger, Huntington, Hutchison, & Sowa, 1986).

Social exchange can occur in a direct and indirect way. Prior literature largely focused on direct social exchange, describing it as a dyadic exchange of activities between the organization and its employees (Blau, 1964; Homans, 1961). Research indicates that, amongst other antecedents, direct social exchange can be initiated through high organizational support (e.g. Alexander Newman, Thanacoody, & Hui, 2012), an acceptable amount of organizational control over employees (e.g. García-Cabrera & García-Soto, 2012), and through sophisticated HR practices (e.g. Alfes et al., 2013). Although social exchange theorists noted that social exchange is much more complex and may also be influenced by a

third party, indirect social exchange received less attention in prior literature. However, research indicates that organizational outsiders, e.g. the community, can shape the relationship between the organization and its employees as well (Fuller, Hester, et al., 2006; Guerrero & Herrbach, 2009). For example, employees may receive messages from their peers and the community, describing the community's opinion about the company they work for. This so called perceived external prestige (PEP), describing the community's opinion about the company and its reputation, can indirectly shape employees' work behaviors in the organization (Mael & Ashforth, 1992; Mignonac, Herrbach, & Guerrero, 2006).

Overall, social exchange theory is widely applied in studies investigating antecedents and consequences of organizational commitment in a developed market context (Allen, Shore, & Griffeth, 2003; Marescaux, De Winne, & Sels, 2013) as well as an emerging market context (e.g. Agarwal, 2011; Guchait & Cho, 2010; Nambudiri, 2012; Newman & Sheikh, 2012; Newman et al., 2012). Yet, the focus is still on social exchange in Western companies. Thus, it remains a question how antecedents of direct and indirect social exchange may affect the organizational commitment of employees in EMNE-owned subsidiaries in developed markets. As we illustrated before, EMNEs are very disparate from foreign DMNEs. Hence, it is of high interest to analyze if antecedents such as POS, parental control, HR practices, and PEP might differently influence the organizational commitment of employees in EMNE-owned subsidiaries compared to DMNE-owned subsidiaries. Figure 2 illustrates our conceptual framework, which will be further presented in the following.

--- Insert Figure 2 here---

THE INFLUENCE OF ANTECEDENTS OF DIRECT AND INDIRECT SOCIAL EXCHANGE ON ORGANIZATIONAL COMMITMENT

Perceived organizational support and organizational commitment

Perceived organizational support (POS) describes employees' "global beliefs concerning the extent to which the organization values their contributions and cares about their well-being" (Eisenberger et al., 1986, p. 501). Employees who perceive a high degree of social support consider their organization as being helpful and caring whenever they need it (Rhoades & Eisenberger, 2002). Under the tenets of

social exchange theory, employees are in turn more interested in the organization's welfare and performance and develop a higher sense of belonging to the organization (Rhoades et al., 2001). Consequently, employees who perceive a high degree of social support from their organization are more committed to it. Indeed, extensive research showed that POS influences organizational commitment in a developed market context (Maertz, Griffeth, Campbell, & Allen, 2007; Rhoades et al., 2001; Rhoades & Eisenberger, 2002; van Knippenberg & Sleebos, 2006) as well as in an emerging market context (Alexander Newman et al., 2012; Wu & Liu, 2014). For instance, in a sample of 225 social services workers in the US, Maertz et al. (2007) point out that POS significantly influence employee commitment and their intention to leave the organization. This is also in line with Newman et al.'s (2012) study amongst 437 Chinese employees, showing that POS is positively related to organizational commitment, which in turn is negatively related to Chinese employees' turnover intentions.

In the context of the springboard perspective, EMNEs have to be very interested in the well-being of their employees in developed markets, as a well-educated and experienced workforce is highly valuable for them in the competition against DMNEs. Otherwise they may have difficulties to seek managerial, marketing, and technological capabilities and face challenges to catch-up to their Western counterparts. In other words, being interested in their employees' well-being and giving them a feeling of support in the overall organization is indispensable for EMNEs in developed markets.

However, employees in EMNE-owned subsidiaries may not yet perceive a high degree of support by the EMNE parent company, because EMNEs developed different business practices due to their struggle with the institutional environment at home. More precisely, as EMNEs originate from countries with certain institutional voids, they usually developed different ways of doing business than their Western counterparts (De Beule, Elia, & Piscitello, 2014; Lahiri, Elango, & Kundu, 2014). For instance, in emerging markets EMNEs have to concentrate on managing institutional voids such as corruption, an inappropriate enforcement of laws, or existent market unfriendly policies and regulations (Cuervo-Cazurra & Genc, 2008; Wang, Luo, Lu, Sun, & Maksimov, 2014). Being highly involved in managing such institutional voids, they may have had less time to extensively focus on ways how to show support and interest to their employees. Consequently, these latecomers may not

yet have the business structure and communication instruments to send supportive signals to their employees in developed markets. Moreover, employees in developed markets may have higher expectations on their employers and are more demanding than employees in emerging markets (Harzing, 2004; Alexander Newman et al., 2011). This automatically can lead to a lower POS of employees in EMNE-owned subsidiaries, as they expect more appreciation and care than the extent EMNEs can give them due to their latecomer status. Thus, although, EMNEs' headquarters may truly care about their employees' well-being in the subsidiaries, they cannot yet appropriately show it to them with existing business practices and do not have the experience to address the demanding expectations of support yet.

Contrary to their Emerging counterparts, DMNEs usually did not have to focus on such institutional voids in their home countries and thus could earlier lay focus on the specific interests of their employees at home and in other foreign developed markets. Furthermore, they more likely managed similar expectations of their employees at home, as they derive from rather similar institutional backgrounds. Moreover, they can use business structures and communication instruments, which had success in procuring their support in other foreign developed markets before. As a consequence, employees in DMNE-owned subsidiaries are, in turn, expected to show a higher sense of belonging to the organization than employees in EMNE-owned subsidiaries, leading to a higher organizational commitment. Overall, we propose:

Proposition 1: POS exerts a positive influence on organizational commitment, whereby POS will be lower in EMNE-owned subsidiaries than DMNE-owned subsidiaries, leading to a lower organizational commitment of employees in the former than the latter.

Control and organizational commitment

From the perspective of social exchange theory, giving employees a certain amount of autonomy in their workplace will, in turn, increase their commitment and emotional attachment to the organization (Gellatly, Hunter, Currie, & Irving, 2009; Meyer & Allen, 1991). Employees with a high autonomy at their workplace can prosper in their personal and professional development and feel trusted by their organization. As a consequence, they usually show a higher commitment than employees in

organizations with high control mechanisms (Fjortoft, 1993; Newman & Sheikh, 2012). In other words, employees who are less controlled by the organization are more willing to stay in the company, responding to the given trust and freedom with commitment and positive work attitudes (Mowday, Porter, & Steers, 1982).

The appropriate amount of control also plays a significant role in the relationship of the MNE headquarters and its subsidiaries. In this context, MNEs generally have to find the balance between the subsidiary's autonomy to properly address the local demands and simultaneously have to secure the integration of the headquarters' strategies by controlling the subsidiaries (Kostova & Roth, 2002). The dilemma of finding an appropriate degree between integration and decentralization affects the organizational commitment of employees in foreign-owned subsidiaries (Vora & Kostova, 2007). For instance, in a survey among 101 Spanish subsidiary managers, García-Cabrera & García-Soto (2012) found that subsidiary managers who were less controlled by their headquarters, were more committed to the organization and showed less turnover intention.

In light of the springboard perspective, we expect differences in the degree of control EMNEs exercise over their developed market subsidiaries compared to DMNEs. These differences mainly originate from EMNEs' distinct openness to learn and their higher flexibility for more innovative and entrepreneurial ways to catch-up to DMNEs.

Firstly, due to dissimilar stages of internationalization, EMNEs and DMNEs show asymmetries in their initial internationalization motives (Madhok & Keyhani, 2012). Seeking capabilities complementary to their own, EMNEs are majorly driven by learning behaviors (Mathews, 2006). More precisely, they show a high openness to learn from employees in developed markets as their own capabilities are rather hard to apply to the new institutional environment (Makino, Lau, & Yeh, 2002). In fact, in their comparative analysis of subsidiary types, Giuliani et al. (2014) found that subsidiaries of EMNEs are usually characterized by a bottom-up knowledge transfer and a lower integration of their own organizational routines, supporting the argument that EMNEs are more open to learn and giving autonomy to employees in subsidiaries in developed markets. This is also in line with De Beule, Elia, & Piscitello (2014) who demonstrate that EMNEs are likely to exercise less control than DMNEs when they acquire targets in the high-tech sector in developed markets, supporting EMNEs'

higher intention to learn about business practices from employees on site. Furthermore, by learning from employees in developed markets, EMNEs are not only seeking new knowledge to better adapt to the host market, but can also profit from reverse spillover effects (Chen, Li, & Shapiro, 2012). In particular, research underlines that EMNEs strategically aim to transfer the obtained managerial and technological capabilities to the parent company at home in order to combine them with their own capabilities. Consequently, by strategically combining their own capabilities from home with newly learned capabilities from developed markets, EMNEs pursue a globally superior competitive position in the long run (Chen et al., 2012). In order to do so, they are expected to exercise less control over their employees in developed markets, as these employees may otherwise not share their knowledge and expertise.

Secondly, prior research suggests that EMNEs have more innovative and entrepreneurial ways to catch-up to DMNEs, as they have to find a place for themselves in a very competitive environment (Mathews, 2006). Thus, they show a higher entrepreneurial dynamism and are more willing to change the traditional way of doing business, e.g. through high autonomy delegation to their affiliates in developed markets (Schüler-Zhou & Schüller, 2013; Wang, Luo, Lu, Sun, & Maksimov, 2014). In this context, Wang et al. (2014) confirm that EMNEs, which use internationalization as a springboard, more likely delegate autonomy to the respective subsidiaries in order to obtain necessary managerial and technological capabilities.

Contrary to EMNEs, foreign DMNEs are already equipped with developed market resources and are more interested in integrating their established routines and business practices, since they were very successful with these practices before (Madhok & Keyhani, 2012). In this context, Giuliani et al. (2014) point out that DMNEs are mainly driven by market reasons, which are reflected in a higher integration of the headquarters' strategies and DMNEs' lower openness to learn. As a consequence, as EMNEs seem to not strictly stick to their own business routines like DMNEs generally do, it is expected that EMNEs control their employees less than DMNEs do. Thus, in light of the springboard perspective, a high degree of control is expected of DMNEs, while EMNEs usually give employees in their subsidiaries more freedom in decision-making. This will more likely lead to a higher organizational commitment of employees in the latter, since employees might enjoy the given degree

of control, the freedom in their everyday work, and the lower integration of the headquarters' business practices. As a consequence, we propose:

Proposition 2: The degree of control exerts a negative influence on organizational commitment, whereby the degree of control will be lower in EMNE-owned subsidiaries than DMNE-owned subsidiaries, leading to a higher organizational commitment of employees in the former than the latter.

HR practices and organizational commitment

It is extensively examined that high quality HR practices will be interpreted positively by employees and in turn, they will reciprocate with high commitment to the organizations (Juhdi, Pa'wan, & Hansaram, 2013; Koster, 2011). In the light of social exchange theory, career development, an appropriate pay, training opportunities, and job security have been considered to be effective instruments to enhance organizational commitment. For instance, in their study amongst Indian IT employees, Paul & Anantharaman (2004) found that career development is the primary factor to create a strong organizational commitment and that employees attach a high importance to career opportunities, e.g. opportunities to develop a career through international assignments. Moreover, research suggests that an appropriate compensation influences organizational commitment, since employees are more likely motivated to 'pay back' the organization and think twice before quitting a well-compensated job (Vandenberghe & Tremblay, 2008). Additionally, consistent with social exchange theory, Newman, Thanacoody, & Hui (2011) point out that employees offer high commitment in return for training opportunities they receive from the organization, as they are thankful and appreciate the employers' investments in their development. Furthermore, employees who perceive a feeling of job security by their organization are generally more loyal and dedicated to the organization, because they are aware that they may lose the stable work environment when they change jobs (Gellatly et al., 2009).

Our paper concentrates on these four specific HR practices as we expect differences in EMNEs' and DMNEs' ability to offer an appropriate amount of career opportunities, pay, training and development opportunities, and job security to their employees in developed markets.

Career development opportunities and organizational commitment

As international assignments become more important in the development of a career, employees can benefit from the foreign status of the respective parent company. This is true for EMNEs as well as foreign DMNEs, since both offer opportunities to work abroad in the headquarters or other international affiliates. However, since emerging markets become strategically relevant markets in future, employees may see more potential career opportunities in the rapidly growing emerging markets like China or India than in stagnated developed markets like the US. Indeed, emerging markets like the BRIC nations become strategically important in the global economy, overtaking developed markets with low economic growth rates (Johansson et al., 2012; Roland Berger Stategy Consultants, 2012). Thus, employees may sense EMNEs to support their career by giving them the opportunity to work abroad in such strategically relevant emerging markets.

Moreover, since EMNEs are usually interested to augment knowledge from its employees in developed markets, these employees may perceive themselves as strategically relevant resources (Chang, Mellahi, & Wilkinson, 2009; Wilkinson, Wood, & Demirbag, 2014). In particular, as EMNEs' survivals in developed markets highly depend on their expertise, they may see higher promotion opportunities by taking part as experts in the subsidiary as well as in EMNE's headquarters. In contrast, employees in DMNE-owned subsidiaries may feel less strategically relevant in the overall organization as DMNEs usually do not follow such springboard behaviors like EMNEs (Luo & Tung, 2007). Thus, we expect employees in EMNE-owned subsidiaries to perceive to have higher career opportunities within the overall organization than employees in DMNE-owned subsidiaries. Hence, we propose:

Proposition 3a: Perceived career development opportunities exert a positive influence on organizational commitment, whereby career development opportunities will be higher in EMNE-owned subsidiaries than DMNE-owned subsidiaries, leading to a higher organizational commitment of employees in the former than the latter.

Pay and organizational commitment

Since EMNEs are not as well-known as their Western counterparts yet, they cannot use strong employer brands and a well-established reputation to recruit employees in developed markets (Alkire & Avey, 2013; Alkire, 2014; Wilkinson et al., 2014). Thus, it is expected that they use high salaries to attract as well as retain employees in developed markets. For instance, employees in China are showing an extraordinary interest in high salaries (Chiu, Luk, & Tang, 2001). Indeed, employees are more likely to engage in job-hopping and thus are majorly driven by the salary the company pays them (Price & Fang, 2002; Qiao, Khilji, & Wang, 2009). Since salary plays a much more important role to attract and retain staff in their home country, companies may more likely adapt these practices in developed markets as well.

Additionally, EMNEs are characterized to be highly supported by their home country governments with specific incentives, such as governmental sponsorship or specific tax tariffs (Child & Rodrigues, 2005; Wang, Hong, Kafouros, & Wright, 2012). With the help of these governmental incentives, EMNEs are more likely able to pay employees a salary above average in order to retain them. On the other hand, DMNEs usually do not cultivate such close relationships with their home country governments, because developed markets are generally longer liberalized and governments from developed markets usually show fewer interests in liberalization policies. Moreover, DMNEs usually own well-anchored employer brands and a well-established reputation worldwide with which they more likely try to retain employees in the organization than with salaries above average (Kaufmann & Roesch, 2012). We propose:

Proposition 3b: Pay exerts a positive influence on organizational commitment, whereby pay will be higher in EMNE-owned subsidiaries than DMNE-owned subsidiaries, leading to a higher organizational commitment of employees in the former than the latter.

Training and development practices and organizational commitment

As EMNEs are characterized by a shortage of developed market resources and capabilities (Barnard, 2010; Ramamurti, 2009), they may not be able to offer adequate training and development practices for employees in their subsidiaries in developed markets. Due to institutional dissimilarities between

emerging and developed markets, EMNEs may not yet be able to appropriately address employees' development-oriented demands in developed markets. Prior studies point out that individuals in developed markets attach more importance to development-oriented HR practices than individuals in emerging markets do (Harzing, 2004; Alexander Newman et al., 2011). One reason for this is that due to differing income levels in emerging and developed markets, employees in emerging markets first of all want to secure their basic living standards before thinking about developing new skills and attending trainings. In developed markets, living standards are usually very high and employees consequently show more interest in developing new skills and receiving trainings as their basic living standard are fulfilled. Consequently, training and other development-oriented HR practices might not be deeply anchored in EMNEs' business practices yet and they first have to learn to manage these new demands. This may lead to dissatisfaction or resistance within the organization, because employees in developed markets may feel frustrated that EMNEs do not invest in developing them and their skills.

On the other hand, DMNEs are well-experienced with managing employees in developed markets and can more likely offer the needed training and development practices to respective employees. Particularly, DMNEs can more easily integrate trainings successfully used in other developed markets to the specific foreign subsidiary. Thus, employees in DMNE-owned subsidiaries may more likely receive such trainings and, in turn, show a higher commitment to the organization. Hence, we propose:

Proposition 3c: Training and development practices exert a positive influence on organizational commitment, whereby training and development practices will be lower in EMNE-owned subsidiaries than DMNE-owned subsidiaries, leading to a lower organizational commitment of employees in the former than the latter.

Job security and organizational commitment

Since EMNEs are latecomers in developed markets, their abilities may be questioned by employees in the respective subsidiaries (Chang et al., 2009). As a consequence, employees may consider EMNE-owned subsidiaries as a more risky workplace than DMNEs-owned subsidiaries, as DMNEs generally showed success in other foreign developed markets before. In other words, for employees, EMNEs may still be in a stage of 'trial and error' while DMNEs can profit from prior experience and signal

more global stability (Dunning et al., 2008). However, due to DMNEs' higher global experience, they are also less dependent on human capital in the specific developed market. This could lead to employment reduction in the specific subsidiaries to gain synergies (Madhok & Keyhani, 2012). According to the springboard perspective, EMNEs on the other hand, are much interested in the strategic assets anchored in human capital. Hence, they will more likely secure employees in the subsidiaries than lower the employment, as they depend on the human capital to climb up the value chain.

Thus, it is questionable if employees perceive the job security in EMNE-owned as lower or as higher than those in DMNE-owned subsidiaries. Nevertheless, under the tenets of the springboard perspective, we expect the latecomer status and the high dependence on human capital to have a profounder effect, as EMNEs have to compete with very globally experienced and successful DMNEs. Thus, we propose:

Proposition 3d: Perceived job security exerts a positive influence on organizational commitment, whereby perceived job security will be higher in EMNE-owned subsidiaries than DMNE-owned subsidiaries, leading to a lower organizational commitment of employees in the former than the latter.

Perceived external prestige and organizational commitment

Every individual regards the opinion of their community as relevant, as it gives insights into their status in society. Thus, how outsiders, e.g. friends, neighbors, or the press see the employing organization is of high relevance to its employees. Concerning this matter, perceived external prestige (PEP) describes how an employee perceives outsiders to judge the reputation and image of their organization (Mael & Ashforth, 1992). For instance, if employees are confronted with negative press about their employers on a daily basis, they may feel more ashamed to be part of such an organization and may become ambivalent towards working for it (Guerrero & Herrbach, 2009; Herrbach & Mignonac, 2004; Smidts, Pruyn, & Van Riel, 2001). However, if their company is well-respected in the community, they may feel proud of being part of it, which more likely enhances their commitment to the organization (Fuller, Hester, et al., 2006). In fact, prior research underlines that PEP has a significant influence on organizational commitment, since employees more likely develop an

obligation to repay the organization for providing this feeling of self-esteem (Carmeli, 2005; Fuller, Marler, Hester, Frey, & Relyea, 2006; Herrbach, Mignonac, & Gatignon, 2004; Kang, Stewart, & Kim, 2011). Moreover, a good PEP more likely reduces the risk of turnover, as employees in the organization will lose their self-esteem when they leave the company (Herrbach et al., 2004; Kamasak, 2011; Kang et al., 2011; Mignonac et al., 2006). Thus, an indirect social exchange takes place, as employees experience the prestige of an organization through the eyes of the community, repaying a well-respected organization with commitment and lower turnover intention.

Despite impressive work on the influence of PEP on organizational commitment and employee turnover in general, it is highly important to analyze it in the context of EMNEs in developed markets. The rise of EMNEs in developed markets has become a topic of crucial public awareness. In developed markets, EMNEs especially became known for their takeovers of established Western companies (Rabbiosi, Elia, & Bertoni, 2012; Rui & Yip, 2008; Stucci, 2012). Although cross-border acquisitions from emerging markets are still relatively small compared to those from developed markets, EMNEs' market entries seem to be treated with extreme cautiousness by the Western community. In particular, host country nationals from developed markets show reservations towards EMNEs, as they fear the increasing power of EMNEs' home country governments and are scared to lose relevant technological expertise and other strategic assets to emerging markets like India or China (Giuliani et al., 2014). This fear mainly results from country images Western stakeholders have in mind when they think about EMNEs and their domestic heritage (Held & Berg, 2014; Moeller, Harvey, Griffith, & Richey, 2013). In particular, by comparing their own country with the respective emerging market, host country nationals might associate the latter with dissimilar political systems, higher corruption rates, underdeveloped infrastructure, or tremendous institutional voids (Held & Berg, 2014). Indeed, the community's fear and reservations towards EMNEs have been investigated for several groups, e.g. regarding consumers' prejudices towards the quality of products from EMNEs (Demirbag, Sahadev, & Mellahi, 2010; Kreppel & Holtbrügge, 2012) or job seekers' different attraction towards EMNEs and DMNEs (Alkire, 2014; Tung, 2007). These concerns are further nourished by a frequent and mostly critical media coverage about EMNEs and their home countries (Kaufmann & Roesch, 2012).

As a consequence, the community develops an unfavorable picture of EMNEs, although this might in fact not be true for the majority of EMNEs. Thus, EMNEs can fall victims to legitimacy issues and discriminatory treatment by host country nationals regardless of their actual performance (Moeller et al., 2013). On the other hand, DMNEs originate from relative similar institutional environments and foreign investments from developed markets are not feared as much. Additionally, DMNEs usually have well-established brands, which help them to be highly accepted and appreciated in the community (Laforet & Chen, 2012).

Applying these insights to our context, employees working for EMNE-owned subsidiaries will more likely be confronted with Western stakeholders' negative stereotypes and country images. Having to face the rather unpleasant opinion of these reference groups in their everyday business, employees in EMNE-owned subsidiaries will more likely perceive the external prestige of their employer as bad. A bad PEP may lead to a low organizational commitment, since employees may feel rather ashamed than proud of working for EMNEs and might not like the regular confrontation with the community's reluctance. Consequently, they may feel less emotionally connected to EMNE-owned subsidiaries and rather desire to work for another organization with better prestige, such as DMNEs. Hence, we propose:

Proposition 4: The prestige of the parent company exerts a positive influence on organizational commitment, whereby prestige of the parent company will be lower in EMNE-owned subsidiaries than DMNE-owned subsidiaries, leading to a lower organizational commitment of employees in the former than the latter.

ACQUISITION AS A MODERATING VARIABLE WITHIN THE GROUP OF EMNES

Research illustrates that EMNEs use resource intensive entry modes like acquisitions to enter developed markets (Rabbiosi et al., 2012; Rui & Yip, 2008; Stucci, 2012). However, it remains a question, how acquisitions may impact the relationship between the antecedents of direct and indirect social exchange and the organizational commitment of employees. EMNEs which choose acquisitions as an entry mode are expected to have a better direct and indirect social exchange with their employees than EMNEs entering foreign markets with greenfield investments for several reasons.

Firstly, acquisitions are means to quickly internalize resources and capabilities of the acquired company (Meyer, Estrin, Bhaumik, & Peng, 2009). Therefore, acquisitions are the perfect means for EMNEs to overcome their latecomer status and strategically seek complementary capabilities in developed markets (Rui & Yip, 2008; Stucci, 2012). Due to dissimilar institutional backgrounds, EMNEs are latecomers in understanding the specific demands of their employees in developed markets. Again, they mainly concentrated on managing institutional voids at home than focusing on how to signal their support to their employees. With the help of acquisitions, EMNEs can quickly overcome institutional dissimilarities and can adopt organizationally-embedded supportive business practices from the acquired company (Lahiri et al., 2014). Thus, acquisitions may help EMNEs to fulfill the expectations of their employees in developed markets and to overcome their disability to signal support to their employees.

Moreover, looking at cross-border acquisitions of EMNEs, a majority of these companies were struggling prior acquisition. Examples for struggling companies near insolvency are the Swedish car manufacturer Volvo acquired by Geely, the German luxury clothing company Escada acquired by Mittal Steel, or the English car manufacturer Jaguar Land Rover acquired by Tata Motors. With the knowledge that they would have lost their jobs prior to the acquisition, employees may perceive EMNEs as saviors in this time of struggle, considering them as helpful, supportive, and interested in their well-being (Held & Berg, 2014).

As a consequence, we expect employees to perceive a higher support in acquired companies than greenfields, as EMNEs can quickly access established supportive business practices.

Hypothesis 5a: Within the group of EMNE-owned subsidiaries, the effects of POS on organizational commitment are weakened when the subsidiaries of EMNEs are established through acquisitions.

Secondly, acquired companies usually get integrated into the headquarters' own business operations and acquisitions are typically accompanied by a reduction of employees in order to secure synergies (Madhok & Keyhani, 2012). In the case of cross-border acquisitions of EMNEs in developed markets, this may not be the case. Instead, due to their knowledge-seeking motives as well as their latecomer status, EMNEs are interested to climb up the value chain, thus keeping employees and learning from

them (Madhok & Keyhani, 2012). Hence, especially in acquired companies, EMNEs are less interested in a high integration and give more autonomy to their employees. Contrary, Harzing (2002) shows that, in greenfields, employees are usually more controlled by their headquarters. This may especially be the case with subsidiaries of EMNEs which are established through greenfields, since they have to develop resources and capabilities from scratch, needing much more control from home to do so (Narula, 2012). Again, a lower degree of control from the headquarters may indeed lead to more committed employees. We expect EMNEs to give more control to employees in acquired companies than to employees in greenfields, as the former secures better exploitation of knowledge and expertise. Hence, we expect acquisition as the chosen entry mode to positively moderate the relationship between control and organizational commitment.

Hypothesis 5b: Within the group of EMNE-owned subsidiaries, the effects of control on organizational commitment are strengthened when the subsidiaries of EMNEs are established through acquisitions.

EMNEs' acquisitions may also have a moderating impact on the relationship between our four HR-related practices and organizational commitment.

A majority of companies acquired by EMNEs are not only struggling, they are also medium-sized companies with a low international presence in emerging economies (Knoerich, 2010). Thus, career opportunities may be perceived as very high in the acquired companies, as they now have the chance to use the foreign status of their parent company for their own career development. Moreover, investing in the acquisition of struggling companies may give employees a higher feeling of strategic importance, as they play an important role as experts for the EMNE parent company's success (van Knippenberg & Sleebos, 2006). However, in greenfields, EMNEs may more likely rely on expatriates from their home country to take the part as experts, as greenfield investments usually follow a high integration of the organization where the direct control through assigned expatriates is necessary (Chen & Lovvorn, 2012). Due to this reasons, employees in greenfields may perceive to have lower chances of career development within the overall organization than employees in acquired companies, since career positions are more likely filled with expatriates from the headquarters.

Acquisitions can also help MNEs to adopt established and well-anchored HR practices from the acquired company, while in greenfields access to such resources is not provided (Estrin, Baghdasaryan, & Meyer, 2009). Referring to our context, EMNEs can access established HR practices and routines, like prior used trainings and other development-oriented practices through acquisitions. Hence, they do not, like in the case of greenfields, have to develop these practices on their own. As a consequence, employees' expectations regarding their personal and professional development can be addressed more quickly, leading to committed employees in acquired companies.

Regarding pay, a moderating influence of EMNEs' acquisition as the chosen entry mode on the relationship between pay and organizational commitment is not expected, as EMNEs will more likely pay above average in both greenfields and acquisitions.

Lastly, referring to the relationship between job security and organizational commitment, we expect a positive moderating effect. By acquiring foreign companies, they may not only secure the head count in the acquired company, but also give the employee a feeling of job security, which they lost before. In this context, high-investments like acquisitions can serve as signals to show how serious EMNEs are with their presence in developed markets and that they strategically aim to stay long-term. Thus, employees may not only feel strategically relevant and appreciated, but also safe. Overall, concerning these four HR-oriented practices, we propose:

Proposition 5c: Within the group of EMNE-owned subsidiaries, the effects of career opportunities on organizational commitment are strengthened when the subsidiaries of EMNEs are established through acquisitions.

Proposition 5d: Within the group of EMNE-owned subsidiaries, the effects of training and development on organizational commitment are weakened when the subsidiaries of EMNEs are established through acquisitions.

Proposition 5e: Within the group of EMNE-owned subsidiaries, the effects of pay on organizational commitment are not moderated by EMNEs' establishment mode chosen.

Proposition 5f: Within the group of EMNE-owned subsidiaries, the effects of job security on organizational commitment are strengthened when the subsidiaries of EMNEs are established through acquisitions.

Lastly, acquisitions can help to distance themselves from EMNEs' domestic heritage (Wang et al., 2014). In fact, acquisitions are means to benefit from the local status of the acquired company and help to achieve acceptance from local stakeholders (Ionascu, Meyer, & Estrin, 2004). Especially when companies are more concerned to gain local legitimacy than integrating their own business practices to the foreign country, acquisitions generally are means to gain such acceptance (Ionascu et al., 2004). Thus, with the help of acquisitions, EMNEs can overcome legitimacy and credibility issues, as the acquired company can secure certain quality standards and expertise (Rabbiosi et al., 2012; Stucci, 2012; Yeoh, 2011). In their qualitative study, Yeoh (2011) found that acquiring well-known companies in the US helped Indian companies to get rid of the 'made in India' image and to get accepted by customers, host country governments, and employees. This is also in line with Madhok & Keyhani (2012) who point out that acquisitions are a means to overcome the liability of emergingness, characterized as the additional disadvantages EMNEs suffer due to their domestic heritage.

Especially acquiring well-known companies with a high brand-recognition can help EMNEs to quickly gain acceptance in the local community and to distance themselves from their country-of-origin (Buckley et al., 2007; Wang et al., 2014). Founding an own company however, EMNEs may have difficulties to distance themselves from their domestic heritage. Consequently, employees have to deal with what the community thinks about their employer in their everyday business. Therefore, we propose:

Hypothesis 5g: Within the group of EMNE-owned subsidiaries, the effects of PEP on organizational commitment are weakened when the subsidiaries of EMNEs are established through acquisitions.

CONTRIBUTIONS, LIMITATIONS, AND FUTURE AVENUES OF RESEARCH

With this paper we contribute to existing literature in three ways. Firstly, by identifying antecedents of direct and indirect social exchange and by analyzing their influence on organizational commitment of employees in EMNE-owned subsidiaries, we extend research on organizational commitment and combine it with the very current topic of EMNEs internationalization to developed markets. Therefore, we apply social exchange theory in the context of rising EMNEs in developed markets, shedding light on potential differences in these relationships prior supported mainly for Western companies. Understanding the social exchange between EMNEs' headquarters and their employees in developed markets is crucial, since the number of employees working for EMNEs in developed markets will rapidly increase in future.

Secondly, by applying the springboard perspective in the context of IHRM, we extend EMNE research by analyzing distinct differences in EMNEs' and DMNEs' way of retaining committed employees in developed markets. While EMNE research typically uses the springboard perspective to point out EMNEs' unique internationalization motives and paths, we go further and analyze how these unique characteristics and behaviors might impact the commitment of employees in EMNE-owned subsidiaries. This is a crucial topic, as EMNEs have to identify potential advantages and disadvantages in retaining committed employees to address potential HR opportunities and challenges in a very competitive environment. Moreover, we contribute to literature on differences between EMNEs and DMNEs, again shedding light to the context of IHRM, as this field of research still is scarce.

Thirdly, we examine how the entry mode impacts the social exchange between EMNEs' headquarters and their employees in foreign subsidiaries in developed markets. Extensive research illustrates that EMNEs enter developed markets with risk-taking acquisitions in order to seek knowledge and capabilities. However, if acquisitions are appropriate to develop and retain committed employees is not further discussed, although human capital is essential for EMNEs to gain knowledge and capabilities. Our framework addresses this issue, giving insights into potential moderating effects of acquisitions on the relationship between antecedents of social exchange and organizational commitment.

Although our conceptual framework considers EMNEs as one group, we are aware that EMNEs and their home countries are not one homogenous group and generalization has to be done with caution. However, we follow Wilkinson et al.'s (2014) and Luo & Tung's (2007) argumentation that EMNEs still appear to have common characteristics and behaviors resulting from their institutional environment at home. The conceptual framework concentrates on such common characteristics, e.g. the scarcity of knowledge between themselves and DMNEs, their poor country images, their latecomer status, or their similar internationalization motives. Nevertheless, future research should take the problem of homogeneity into account by comparing EMNEs and DMNEs from one specific emerging respectively developed market. Moreover, comparing EMNEs from different emerging markets could also be of interest in order to investigate if EMNEs indeed are described by common characteristics and behaviors. Overall, future research should test this conceptual framework with different EMNEs and DMNEs as well as in different settings, also in order to identify other contextual factors influencing the organizational commitment of employees. Overall, we hope that our theoretically grounded framework will spark future research to empirically investigate this important issue in IHRM and that future research delivers ways to manage EMNEs' HR opportunities and challenges in developed markets.

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FIGURES

Figure 1: EMNEs' unique characteristics and behaviors under the tenets of the springboard perspective

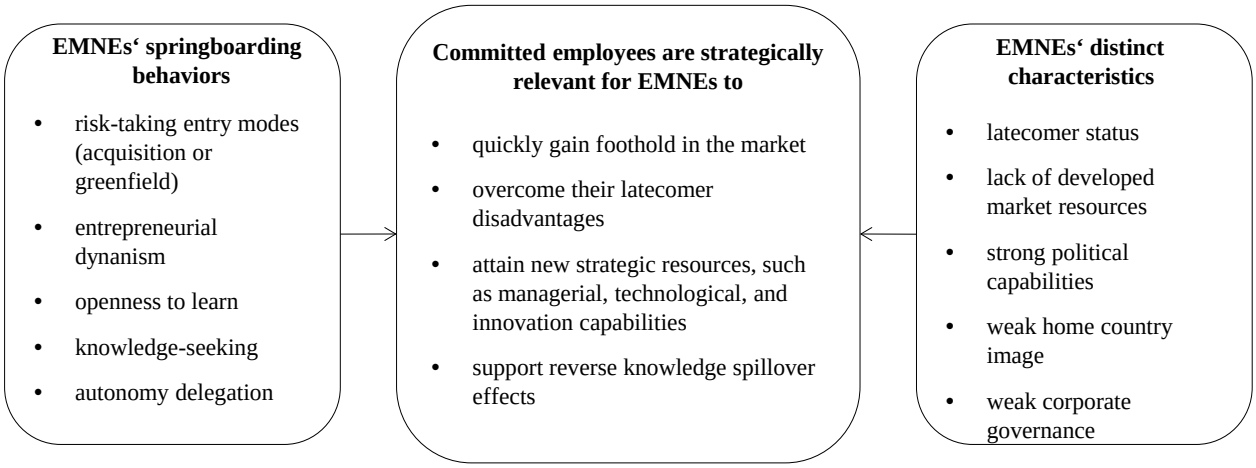
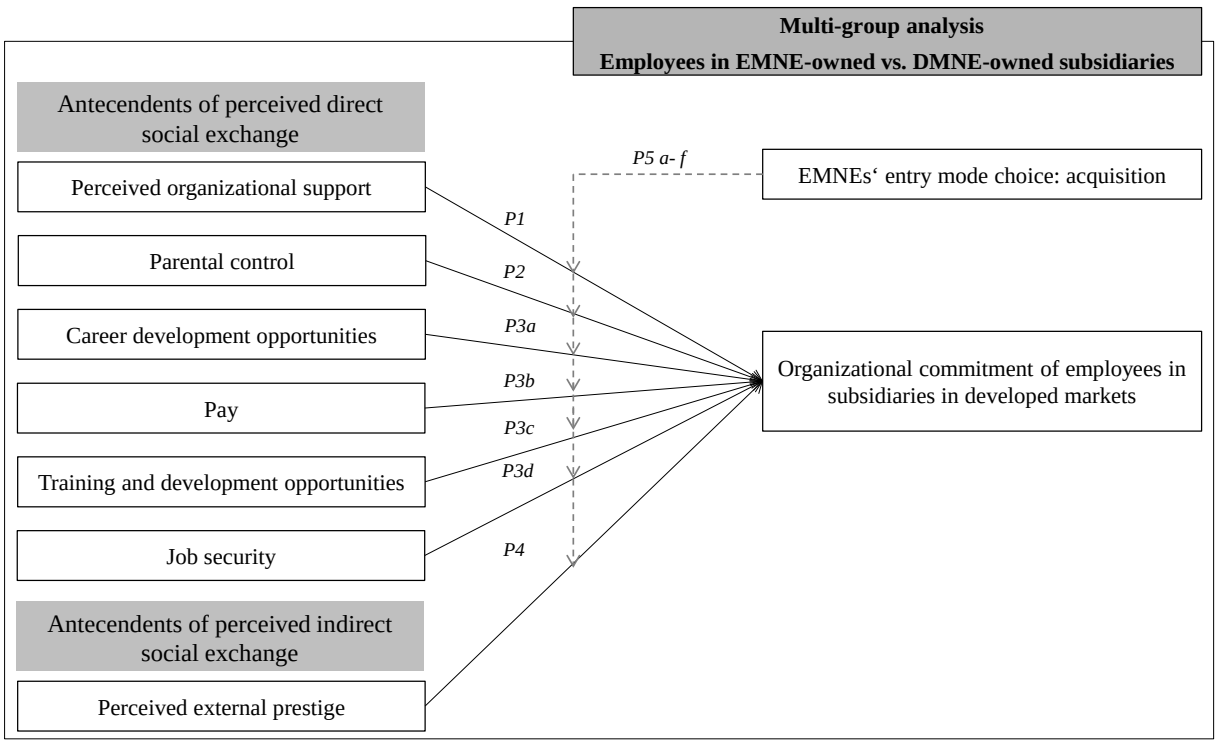
Figure 2: Conceptual framework in the context of a multi-group analysis