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Do Japanese Expatriates Matter for Foreign Subsidiary Performance? A Role-Based Analysis of Three-Wave Panel Data*

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Abstract

One of the key challenges for Japanese multinational enterprises is where or whether to employ headquarter expatriates in the management of foreign subsidiaries. We contribute to addressing this issue by theorizing and examining how expatriates in different positions (e.g., CEO, Sales manager, HR manager or line manager) impact different aspects of subsidiary performance. We examine how expatriate positions influence two facets of subsidiary performance -- sales and productivity and how these effects are moderated by country-specific factors. Controlling for self-selection effects, we find that knowledge and economic distance between the destination staff and expatriate CEOs and sales managers have negative moderation interaction effects on subsidiary sales. Conversely, we find a statistically significant impact on productivity whereby locations with strong nationalist sentiment exhibit negative moderation interaction effects in the case of Japanese line managers. Taken together, our findings point to the contingent effects of both position-based and country-level factors when examining expatriates' impacts on subsidiary performance.

Keywords: Expatriates, Multinational Enterprise, Subsidiary performance, Nationalism
JEL classification: M16, M51, M12

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INTRODUCTION

Where and how expatriate employees impact subsidiary performance is one of the central research questions for both human resource management scholars and international business theorists (Belderbos & Heijltjes, 2005; Harzing, Pudelko, & Sebastian Reiche, 2016). On the one hand, expatriate employees serve as carriers of tacit knowledge and strategic capabilities from home country headquarters (Argote & Ingram, 2000); such knowledge and capabilities can have significant positive impact on the routines, practices and strategies of foreign subsidiaries (Breschi & Lissoni, 2009). On the other hand, expatriate employees typically have limited knowledge of local customs and culture, frequently lack local relationships and networks, and may also be regarded with suspicion or even hostility by both local staff and host country stakeholders and partners (Firth, Chen, Kirkman, & Kim, 2014; Matsuo, 2000). The use of expatriates is thus a double-edged sword; not surprisingly, extant work offers conflicting finding as to whether expatriate employees have a positive or negative impact on subsidiary performance.

One reason for these equivocal results may be that the vast majority of extant studies have viewed expatriate assignments in homogenous term, with little distinction between expatriate serving as senior executives, as opposed to those in line manager positions or regular staff. Although some studies have focused in particular on the effect of expatriate CEOs (Gong, 2003; Pandey & Rhee, 2015), to our knowledge no extant studies have offered a systematic contrasting between different expatriate roles, and their impact on subsidiary performance. Largely due to data limitations, we thus lack greater insight into whether and how expatriates operating in different roles and positions within the foreign subsidiary impact on performance.

Distinguishing the effect of different expatriate roles on subsidiary performance is important, for several reasons. While extant research has predominantly focused on how expatriates serve as carriers of knowledge and capabilities to the foreign subsidiary, few studies theorize whether and how such knowledge and capabilities may have differential effects, depending on the expatriates' position in the organization. In doing so, extant works have largely "black-boxed" the organizational processes that determine expatriate impacts on the subsidiary. Secondly, recognition of differential effects of expatriate roles provides a means for distinguishing between different types of subsidiary

performance. For some firms, the primary goal of the foreign subsidiary may be to increase local market share whereas for others it may be enhanced productivity (Dunning & Lundan, 2008); expatriates are likely to have different impacts on these goals, depending on whether the occupy roles as CEOs, HR managers, or regular employees.

In sum, distinguishing between expatriate roles has the potential to cast light on various aspects of subsidiary performance, including market share acquisition and overall productivity. In this paper we address this opportunity by employing a proprietary data set of foreign affiliates made available by the Ministry of Economics, Trade and Industry. Combining fine-grained data from the survey with country-level variables, we examine the impact of five different expatriate roles (TMT member, CEO, sales manager, HR manager, line manager) on two different performance measures (subsidiary sales and productivity). We furthermore investigate how four country-level factors – including economic and knowledge distance, cultural dissimilarity, and nationalism – moderate the impact of different roles on performance.

THEORY

Headquarter staff seconded to overseas subsidiary take on different roles and positions within the local organization, ranging from senior positions such as CEO and CFO, to middle management responsibilities in sales, R&D and human resources, to lower-level entry positions (Tung, 1984). Each of these positions calls for different skills and capabilities, with different outcomes for the subunit. CEO positions are typically filled by expatriates with considerable international experience, and whose primary goal is to both establish the subsidiary's internal organization and structure, and develop its external contacts and relationships (Harzing, 2001). In turn, middle-management roles are often staffed with expatriates when they represent unique capabilities and skills, over which the headquarters which to exercise control, or when the subunit is struggling in particular areas (Peltokorpi, 2010). In addition to such strategic postings, many firms also use expatriate assignments as a means to internationalize headquarter staff and create closer networks and relationships with overseas subunits (Collings, 2014).

While expatriate roles in the subsidiary thus vary broadly, we suggest the positions can broadly be divided up into *outward-facing* and *inward-facing* roles. By outward-facing roles we mean

expatriate positions that generate interactions with actors located outside firm boundaries, including local customers and suppliers, competitors, regulators, government officials and NGOs. Relationships with external actors crucial to establish the legitimacy of the MNE subsidiary and ensure local access to both input and output markets (Andersson, Forsgren, & Holm, 2002; Kostova & Zaheer, 1999). Such relationship-building is typically undertaken by expatriates in senior leadership roles – including the CEO, CFO, VP and top management team – as well as dedicated Sales managers. Because these actors are external to the firm, outward-oriented expatriate roles make use of market-based transactions, negotiations, and relationship-building. As such, they are particularly susceptible to cultural and economic differences between countries, as well as differences in country-level knowledge and nationalistic sentiments.

By contrast, what we term inward-facing expatriate roles are those whose focus is primarily directed at managing the internal organizational processes and structures of the MNE subsidiary; such roles include line managers, as well as specialized functions such as human resources, R&D and accounting. Moreover, some senior leadership positions – especially the CEO and COO – also take on internal-oriented roles as they play important roles in establishing corporate culture. MNEs typically second expatriates to inward-facing roles in an effort to establish firm-specific routines, practices and capabilities, or to improve organizational efficiency and productivity. Because of this, expatriates in inward-facing roles often rely on formal control and power (granted by headquarters) in their interaction with local staff. Because of this, the efficacy of inward-facing roles may be susceptible to cultural differences and nationalistic sentiments, as well as differences in home and host country knowledge stock.

In sum, expatriates may occupy either outward- or inward-facing roles in the subsidiary, with some (e.g. CEO) straddling both. These different role-types, we suggest, will impact on different aspects of subsidiary performance objectives. Specifically, we suggest outward-facing expatriate roles will impact on the subsidiary's market-seeking objectives, whereas inward-facing expatriate roles will impact upon the subsidiary's efficiency-seeking objectives. In the following we detail our arguments to develop testable hypotheses.

The impact of outward-facing expatriate roles on market-seeking objectives

Outward-facing expatriate roles will primarily impact upon the subsidiary's market-seeking objectives. Market-seeking – i.e. the search for increased sales and more customers – constitutes one of the key reasons for why firms expand operations to overseas locations (Cantwell, Dunning, & Lundan, 2010). While market share expansion and increase sales may be realized through home country exports or alliances with local sales representatives, local operations (in the form of wholly-owned subsidiaries or joint-ventures) offers firms the added benefit of developing greater customer relationships and knowledge. Such relationships and knowledge may be crucial for ensuring repeat customer interactions, greater trust, and thus higher sales.

We suggest market-seeking performance will be impacted by externally-facing expatriate roles. Specifically, expatriates occupying positions in top-management (e.g. CEO) or the board of directors, as well as those engaged specifically in sales, are most likely to come into contact with host country customers and stakeholders. Such contacts give them ample opportunity to influence the firm's relationships and to develop the trust of local customers and stakeholders.

The central theoretical question is whether and how such externally-facing expatriate roles have a positive impact on sales, as compared to host country nationals occupying the same position. On this point, extant theory offers competing suggestions. On the one hand, expatriates holding outward-facing roles often bring crucial knowledge and capabilities to relationships with local customers (Harzing et al., 2016); such knowledge – whether in the form of technical expertise or marketing skills – may increase the firm's bargaining capabilities with local customers (Hymer, 1960/76). As representatives of the head office, outward-facing expatriates may also carry the full clout and reputation of the global firm Mendenhall & Wiley (1994); such reputations may both enhance the overall legitimacy of the subsidiary, and give it an advantage in negotiations with local partners (Jun, Gentry, & Hyun, 2001).

Differences in economic development and knowledge base between the host country and Japan may accentuate the positive effects of expatriates on subsidiary market seeking activities. In markets that differ significantly from Japan's economic level and/or knowledge base, the unique knowledge and capabilities brought by home country expatriates, as well as their image as

representatives of the home firm, will presumably be accentuated, in comparison to host country nationals occupying the same position. In sum, we suggest:

H1a: Expatriates in outward facing roles (e.g. CEO, TMT member, sales manager) will have a positive impact on market seeking performance objectives

H1b: The positive effect of expatriates in outward face roles on market seeking performance objectives will be positively moderated by the economic distance between the host country and Japan.

H1c: The positive effect of expatriates in outward face roles on market seeking performance objectives will be positively moderated by differences in knowledge between the host country and Japan.

Expatriate staffing in outward facing roles may, however, also have negative impact on the subsidiary's market seeking performance objectives. As suggested previously, expatriate staff are, by definition, less knowledgeable of local host country language, culture, and relationships (Paik & Sohn, 2004), often resulting in cross-cultural communication issues in relations with local customers and stakeholders (Jun et al., 2001). Even if they have ample local knowledge and understanding, foreign expatriates may still lack access to local networks and relationships, simply because they are new arrivals (Wang, 2002). Finally, the use of foreign expatriates in outward-facing roles may also have a negative impact on sales by reinforcing the subsidiary's "foreignness" and outsidership, resulting in a lack of local legitimacy and acceptance (Matsuo, 2000).

In sum, expatriate staff in outward-facing positions may have a negative impact on market-seeking performance both due to their own lack of local knowledge and relationships, and due to xenophobic or distrustful attitudes among local partners and customers. These effects, we suggest, will be particularly pronounced in countries characterized by significant cultural dissimilarity from Japan, as well as markets characterized by high levels of nationalistic sentiment. Specifically, as cultural dissimilarity grows, the negative impact of expatriates due to misunderstandings will presumably increase. In turn, nationalist sentiments – i.e. local assumptions of superiority and xenophobia vis-à-vis other nations – will presumably increase the liability of foreignness and opposition expatriates face as foreigners. In sum, we suggest:

H2a: Expatriates in outward facing roles (e.g. CEO, TMT, sales manager) will have a negative impact on subsidiary sales.

H2b: The negative effect of expatriates in outward face roles on market seeking performance objectives will be positively moderated by the cultural distance between the host country and Japan.

H2c: The negative effect of expatriates in outward face roles on market seeking performance objectives will be positively moderated by nationalistic sentiment in host country environments.

The impact of inward-facing expatriate roles on subsidiary productivity

In addition to seeking new markets, multinational enterprise also expand abroad in search of higher productivity and efficiency (Buckley & Casson, 1976). Such goals are particularly applicable for overseas manufacturing and production, but they also apply to R&D and resource extraction activities, as well as services such as call centers and shared accounting centers. Efficiency motives are most likely to be influenced by expatriates in inward-facing roles. For example, line managers have direct oversight of production processes and business performance, with implications for overall cost structure. Similarly, HR managers impact productivity through strategic decisions of hiring and pay, as well as skill development through training programs and assessments (Chadwick & Li, 2018). In addition, the overall productivity of the subsidiary is likely also influenced by the CEO's inward-looking activities (Bandiera, Prat, Hansen, & Sadun, 2020); these include making strategic changes to the overall operations of the firm (e.g. restructuring, re-organization), as well as the broader role of creating a positive work climate (Pandey & Rhee, 2015).

We argue that expatriates occupying inward-facing roles will have a positive net impact on productivity. As staff seconded from headquarters, expatriates have both significant knowledge of the organization's procedures and routines, as well as important networks and relationships to headquarter personnel (Harzing et al., 2016). These factors allow them to positively impact on productivity, either directly through learning and knowledge transfer, or more implicitly, through demonstration and relational effects. In addition, expatriate managers may also be more willing to make significant organizational changes, including for example human capital investments or

reductions in head count, that impact overall productivity (Shin, Morgeson, & Campion, 2006). Major organizational changes can be costly or politically controversial, even when they promise long-term benefits; such costs and controversies may be less of a deterrent for expatriates – since they are effectively on time-limited assignments from headquarters – as compared to host country nationals whom often are more embedded in local social relationships. Based on the assumption that expatriates have superior knowledge bases and human relationships with headquarters, as well as a relatively greater willingness to engage in organizational change, we suggest they will have a positive impact on labor productivity. Formally:

H3a: Expatriates in inward facing roles (e.g. line manager, HR manager, strategic planning manager) will have a positive impact on subsidiary productivity

We further suggest these positive effects will be moderated by country-level factors. To begin with, the expatriate managers' superior knowledge and capabilities will presumably have a greater impact in host country locations whose knowledge-bases differ significantly from that of Japan. By knowledge-base we mean the stock of experience and know-how related to various business processes, including manufacturing, organizational routines and processes, technological exposure, and human resource practices (Berry, Guillén, & Zhou, 2010). Note that our argument is not necessarily that Japan's knowledge stock in these areas need to be superior to that of the host country; rather, we posit that the existence of differences in country-level knowledge and capabilities will presumably provide more room for expatriates to introduce novel practices, ideas and structures that may have a positive impact on productivity. Formally:

H3b: The positive effect of expatriates in inward facing roles on subsidiary productivity will be positively moderated by differences in the knowledge stock of the host country and Japan.

The ability of expatriates to transfer knowledge and impact organizational routines and practices may also be impacted by cultural distance between Japan and the host country. Extant research has highlighted how cultural dissimilarity often mitigates learning and collaboration (Chen, Kirkman, Kim, Farh, & Tangirala, 2010; Colakoglu & Caligiuri, 2008). Even when local employees are positive about learning from foreign expatriates, they may struggle to do so because of language barriers or variations in customs. Similarly, expatriates may be frustrated by pre-existing structures and routines

that prevent them from effectively transferring knowledge and/or implementing organizational changes meant to enhance subsidiary profitability (Harzing et al., 2016; Paik & Sohn, 2004). Consequently, we suggest cultural distance may have a negative impact on the relationship between expatriate managers and subsidiary profitability:

H3c: The positive effect of expatriates in inward facing roles on subsidiary productivity will be negatively moderated by cultural dissimilarity between the host country and Japan.

In some cases, difficulties in transferring knowledge and capabilities may also stem from outright hostility and suspicion of the foreign expatriate (Guillen, 2000; Kostova & Zaheer, 1999). If host country contexts are characterized by high levels of nationalism, for example, local employees may be opposed to learning or adopting practices transferred from headquarters, insisting instead on maintaining local traditions (c.f. Newburry, 2010). Under such conditions, expatriates may either refuse to adopt foreign knowledge and routines outright, or they may quietly resist their implementation, thereby reducing overall subsidiary productivity and effectiveness. In sum, we expect that broader societal-level nationalist sentiment to mitigate the relationship between expatriate managers and MNE subsidiary productivity. Formally:

H3d: The positive effect of expatriates in inward facing roles on subsidiary productivity will be negatively moderated by nationalism in the host country.

Figure 1 below summarize the hypothesized relationships between expatriate roles and subsidiary performance. As the figure highlights sales managers and TMT members occupy outward facing roles, whereas HR and line managers occupy internally-facing roles. CEOs span both outward and inward-facing role positions.

Figure 1 goes here

DATA AND METHODS

Sample

To test our hypotheses, we rely on panel data from the *Basic Survey on Overseas Business Activities* (海外企業活動基本調査, hereafter *Basic Survey*) conducted by Japan's Ministry of Economy, Trade and Industry (METI). The *Basic Survey* has been distributed by METI to foreign affiliates of Japanese multinational enterprise since 1997. For our study, we focus on questions related to expatriate assignments, which were included in the 1997, 2003, 2006, and 2009 surveys. Due to data limitations, our final sample is limited to survey results from 1997, 2003 and 2006 (for the independent variables) and 1998, 2004 and 2007 (for the dependent variables). The 1997 survey was distributed to 3,860 headquarters managing a total of 12,657 subsidiaries, with a response rate of 59.1% The 2003 survey was distributed to 2,166 headquarters managing a total of 13,322 foreign affiliates, with a response rate of 64.8%. The corresponding numbers for 2006 were 2,940, 15,850, and 69.6%, respectively. The survey was made available in English, Japanese and Chinese, and was typically filled out by either the CEO or another member of the executive team. After excluding missing observations, our final sample consisted of 18,692 affiliates of 2,860 parent firms, operating in 74 countries.

Independent variables

Our independent variables were operationalized as follows.

Outward-facing expatriates: We focus on two outward-facing expatriate positions: CEO and Sales manager. Each of these roles constitutes significant interaction with external stakeholders and customers. To operationalize CEO and Sales manager, we rely on responses from the survey indicating the nationality of various key positions in the firm. We coded CEOs and Sales managers of Japanese nationality as 1 (signifying expatriate), and those of host country nationality as zero. All other responses (missing and "Other") were coded as missing.

Inward-facing expatriates: We operationalized three different inward-facing expatriate roles: CEO, HR manager, and general line managers. As discussed above, HR managers are primarily focused on internal activities related to hiring. CEOs, in turn, have important implications for internal organizational culture and structure. Each of these positions was operationalized using a dummy variable, coded 1 for Japanese nationality (signifying expatriate) and 0 otherwise. All other responses

(missing and "Other") were coded as missing. Japanese line managers (measured as the total number of managers minus HR and Sales managers) were measured as a percent of all managers in the firm.

Dependent variables

In this study we focus on two measures of subsidiary performance: market-seeking and efficiency. We operationalize market-seeking as the log of subsidiary sales. While this measure does not fully reflect the subsidiary's market share, it nonetheless provides a useful signal as to the size of the subsidiary's position and has been used in previous research on market seeking objectives. To measure efficiency, we follow Gong (2003) and use the log of productivity, measured as Sales per Employee. Both measures were lagged one year in our models.

Interactions and Control Variables

To operationalize cultural, economic and knowledge distance between countries we rely on measures developed by Berry et al. (2010) that have been extensively employed in international business research. To operationalize nationalism we rely on data from the *2003 National Identity Report* published by the International Social Survey Program (ISSP). To calculate our measure of nationalism we follow previous work (Huddy & Khatib, 2007) by adding responses to two survey questions: "The world would be a better place if people from other countries were more like the [country nationality]" and "Generally speaking, [country] is a better country than most other countries." It should be emphasized here that this measure of nationalism is thus not directed at Japanese managers or expatriates in particular, but rather designated at all foreign countries. The effects of nationalism should thus be interpreted as pro-host country, as opposed to anti-Japanese.

To limit the risk of unobserved heterogeneity we include control variables at both the country, parent and subsidiary level. At the country level we include measures of GDP growth and GDP per capita (in current dollars), taken from the *World Development Indicators*. For models examining the impact of expatriates on subsidiary sales, we control for parent level sales and total asset size. Parent sales serves as a control proxy for the firm's global brand recognition and market power, which will presumably impact subsidiary sales in the focal country. Asset size controls for the parent firm's ability to dedicate significant resources to support local sales. For models examining the effect on subsidiary productivity we substitute headquarter sales for the total number of headquarter

subsidiaries; the reason for this is that market power and brand image has little theoretical relationship to internal productivity. Instead, the number of global subsidiaries proxies for firm experience, which will presumably have an impact on productivity measures.

At the subsidiary-level we include total assets and the log of previous year sales (in models testing H1 and H2), as well as total assets, the log of previous year's productivity and total number of Japanese expatriate (in models testing H3). Table 1 below provides an overview of the variables and their correlations.

Table 1 goes here

Empirical approach

In estimating the effects of expatriates on subsidiary performance we face the risk of endogeneity, since headquarters may be more likely to send expatriate to under-performing subsidiaries, or conversely to countries characterized by significant economic and cultural distance, high knowledge discrepancies, or strong nationalistic sentiments. Given that the endogeneity issue we face is driven primarily by selection (Wolfolds & Siegel, 2019), we use a two-stage Heckman correction (Hamilton & Nickerson, 2003).

In the first stage we use a probit model to calculate the probability that parent organizations send expatriates in different roles to a subsidiary. Our dependent variable in the probit model is an indicator variable of whether the particular role is held by an expatriate or not, while the regressors include all of the independent and control variables, as well as an additional variable predicting expatriate assigning. For the additional predictor variable we use the percentage of subsidiaries in the same industry that have Japanese expatriates in the particular role, minus the focal subsidiary. Our logic behind using this indicator variable is that firms take strategic decisions based on legitimacy rather than performance, and in doing so frequently mimic the actions of industry peers (Greve, 1998). From the probit model, we calculate the inverse mills ratio (*IMR*) as suggested by Heckman (1979), which we include in the second-stage main analysis as an additional control variable.

The research design results in a nested hierarchical structure with three levels of random variation: variation between subsidiaries (level 1), variation between parent firms (level 2), and variation between countries (level 3). Because nested data structure cannot be adequately estimated by ordinary least squares (OLS) regression analysis (e.g., Goerzen et al., 2013; Peterson et al., 2012), we use a multilevel (mixed linear) approach to estimate the hypothesized effects at different levels. We conduct multilevel estimation by using the "mixed" command in STATA16 and test the statistical significance of the estimated coefficients by utilizing robust standard errors. Tables 2, 3, 4, 5, and 6 report the results of the analysis for each of the independent variables (e.g. each expatriate role) for both sales and productivity, respectively.

Tables 2,3,4,5, and 6 here

RESULTS

The impact of outward-facing expatriates on market seeking objectives

Our hypotheses H1a and H2a set out competing predictions for the impact of outward expatriates on sales, with the former predicting a positive effect, and the latter predicting a negative impact. In Tables 2 and 3 we test H1a and H2a in column 2 (H1a & H2a). For both the CEO and Sales Manager positions, we find no significant main effects. While surprising, this also confirms our overall argument that the effects of expatriate on subsidiary performance are highly contingent on country-level contexts. In sum, the results support neither H1a nor H2a.

Hypothesis H1b posits that economic distance will positively moderate the relationship between expatriates in outward-facing roles and subsidiary sales. For expatriate CEOs we find a significant but opposite effect to that hypothesized, i.e. economic distance negatively moderates the impact of expatriate CEOs on subsidiary sales. We find no statistically significant relationship between sales managers and economic distance.

Our hypotheses H1c posited that knowledge distance will have a positive impact on the positive relationship between outward-facing expatriate roles and subsidiary sales. Our analysis indicates a positive interaction effect between economic distance and expatriate Sales manager

positions, statistically significant at the 3% level. While the magnitude of the effect is modest, the findings appear to indicate that expatriate sales managers have a positive impact on subsidiary sales in countries whose underlying knowledge capabilities differ from that of Japan. We find no statistically significant impact of knowledge distance and expatriate CEOs on sales. In sum, we find weak support for H1c.

In hypotheses H2b and H2c we examine the potential negative effects of cultural distance and nationalism on the relationship between expatriate roles and subsidiary sales. While we find no significant interaction effects for the CEO position, we find that cultural distance has a statistically significant positive interaction effect with expatriate sales managers, whereas nationalism has a negative relationship, statistically significant at the 8% level.

In sum, our results suggest expatriate CEOs have a positive impact on sales in economically distant locations, whereas Sales Managers have a statistically significant positive effect on sales in in culturally distance countries, but a statistically significant negative impact on sales in countries with high levels of nationalist sentiment.

The impact of inward-facing expatriates on efficiency seeking objectives

As reported in Table 5, expatriate Japanese line managers have a positive and statistically significant impact on subsidiary productivity. In contrast, the results in Table 4 and 6 indicate expatriate CEOs and expatriate HR managers have no statistically significant impact on productivity. Consequently, we find mixed support for our hypothesis H3a.

In H3b we posit that knowledge distance will positively moderate the impact of inward-facing expatriates on subsidiary productivity. Here we find mixed results: while knowledge distance does have a statistically significant and positive effect on the relationship between Japanese expatriate managers and productivity, it has a statistically significant and negative interaction with HR managers. For CEOs, there is not statistically significant effect; consequently, we find mixed support for H3b.

Hypothesis H3c predicts that cultural difference will negatively moderate any positive effects of Japanese expatriates on MNE subsidiary. As indicated in our tables, we find no statistically significant effects between cultural distance and productivity for any of our roles, hence we reject

H3c. Finally, in H3d we suggest nationalistic sentiments will also have a negative moderating effect on the relationship between Japanese expatriates and subsidiary productivity. While we find no statistically significant relationship between nationalism and expatriate CEOs and HR managers, the interaction is highly statistically significant and negative for expatriate Japanese managers. Consequently, we suggest mixed support for our H3c.

DISCUSSION AND CONCLUSION

In this paper we have conducted a preliminary analysis of how varying expatriate roles impact the performance of Japanese-owned subsidiaries in foreign markets. Focus on two aspects of performance – sales and productivity – we examine the difference effects of outward- vs inward-facing expatriate roles. In order to examine and compare different roles, we adopt a semi-explorative approach. While our hypotheses are based on theories and logical analysis, we purposively include competing hypotheses and multiple interaction effects. As discussed in the previous section, the empirical findings lead us to reject many of the hypotheses, particularly on the grounds that we find conflicting evidence and results across the different roles. Despite the conflicting results, however, the empirical analysis nonetheless offers several highlights.

First and foremost, the empirical findings provide evidence that expatriate positions do differ in their effects on subsidiary performance. We find, for example, that in countries with high knowledge and cultural distance from Japan, Sales managers exert a significantly positive impact on sales whereas CEOs have no impact. For theorists, the implication is that any research on the effect of expatriate staff on subsidiary performance must distinguish both what types of expatriates are being studied (i.e. which roles), as well as what strategic objectives the firm is seeking to pursue.

For managers, particularly those in charge of expatriate assignments in headquarters, the results provide some suggestions for what roles to prioritize, depending on whether the firm seeks to expand its local sales or improve on subsidiary efficiency. Notably, such objectives often vary with the age of the subsidiary, with newly established operations aiming to expand market share, while older, more established subsidiaries may put emphasis on productivity. The implication, then, is that outward-facing expatriates add greater value in the early stages of foreign market entry, whereas

inward-facing subsidiaries (in the form of HR and line managers) are relatively more valuable once the subsidiary has been well-established.

A second insight that emerges is the contingent effect of macro-level country factors. As demonstrated in the results, differences between countries - in the form of economic development, culture, and knowledge stock – play a central role in shaping the impact of expatriate staff on subsidiary performance. While international business scholars have long recognized the effect of distance on subsidiary performance, the results reported here suggest they impact different expatriates in different ways. For example, Nationalism has a significantly negative moderating impact on the positive relationship between expatriate Japanese managers and subsidiary productivity, yet it has no impact on CEO-effects, either in terms of productivity or sales. The implication is thus not only that country-level factors matter, but that they matter differently, depending on the expatriate role.

For theorists, these insights emphasize the importance of distinguishing between how inter-country differences and dissimilarity interact with various expatriate roles, rather than simply examining the effect of aggregate expatriate staffing, across all roles. For managers, the insights re-emphasize the importance of understanding the dimensions by which foreign markets differ from Japan (e.g. in terms of economic development, knowledge-stock, or culture) and adapting expatriate assignments accordingly. Naturally, much of the interaction with country-level factors depends on the skills and experiences of individual-level expatriate managers themselves. Such individual-level capabilities lie beyond the scope of this paper, but they may explain why some interactions are insignificant in our model, even as the overall country-level effect is significant.

Finally, the results also provide some initial insights into how nationalist sentiments might moderate the efficacy of expatriate staff. The recent surge in populism, coupled with a growing backlash against globalization, hade made such concerns more important for multinational enterprise. Our findings indicate that while nationalism has little impact on outward-facing roles – such as CEO and Sales Manager – it has a significantly negative impact on the effect of Japanese expatriate line managers on productivity. The implication is hence that when nationalism is high, firms may do well in selecting host country managers, rather than expatriates, to manage the internal routines and processes of the organization.

Limitations and avenues for future research

Our study comes with several limitations and caveats which also lay the foundation for future research. First, due to data restrictions we were unable to include subsidiary age as a control variable in our analysis. Given that the role and impact of expatriates will vary based on the subunits age, future studies should examine the effect of this variable. Second, as noted above, many of the effects we observe may be driven by individual-level skills and capabilities, which we were unable to observe. A more detailed analysis, encompassing individual-level constructs, alongside subsidiary, parent, and country-level measures, could provide further light on the questions at hand.

FIGURES AND TABLES

Figure 1: Conceptual model of expatriate roles and subsidiary performance

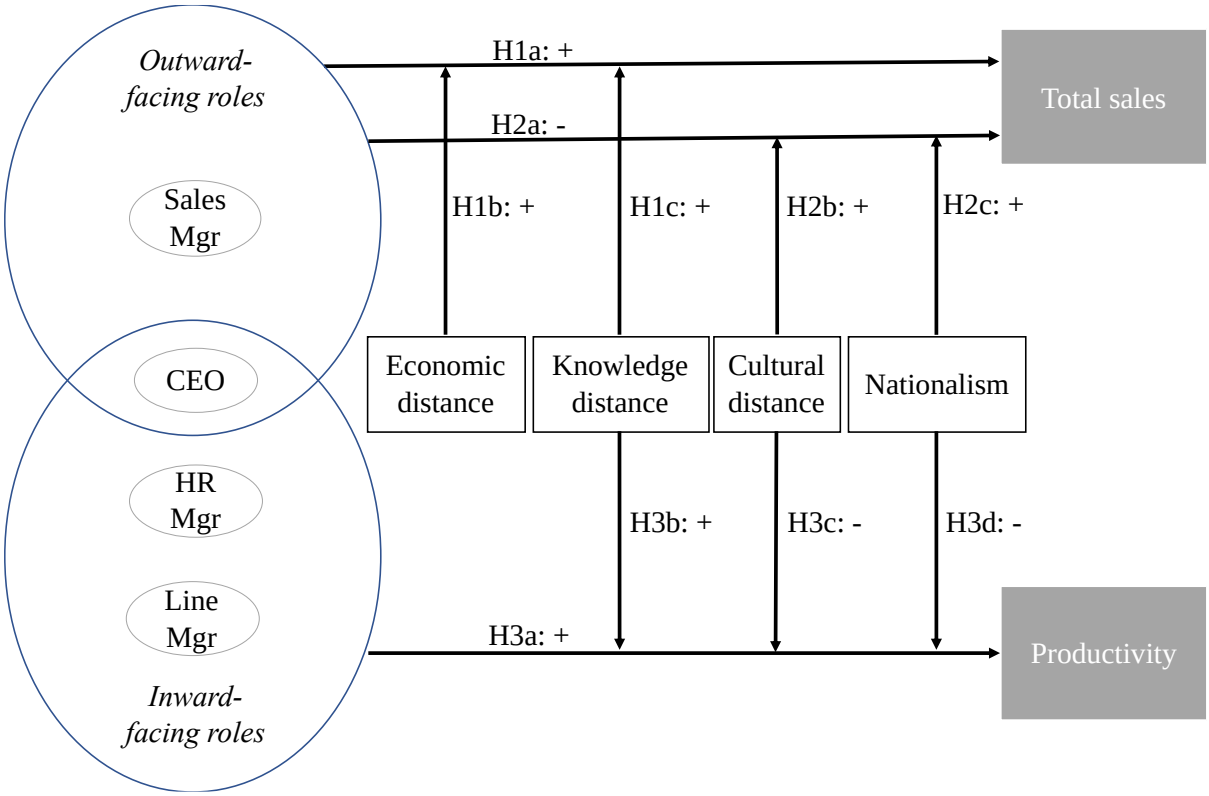

Table 1: Summary statistics

Variable	Mean	Std. Dev.	Min	Max	Log Sales	Log Prod.	CEO	Sales manager	TMT	HR	Expt Mgrs	Econ. Distance	Know. Distance	Cultural distance	National ism	Log_Tot Assets	Log_HQ Sales	Log_GD P growth	Log_GDP per capita
Log Sales	7.561	2.036	-	13.313	1.000														
Log productivity	3.425	2.007	(8.444)	9.387	0.610	1.000													
CEO	0.798	0.402	-	1.000	0.004	0.091	1.000												
Sales manager	0.358	0.480	-	1.000	(0.070)	0.029	0.224	1.000											
TMT	0.590	0.362	-	1.000	0.008	0.141	0.500	0.206	1.000										
HR	0.316	0.465	-	1.000	(0.057)	0.175	0.256	0.433	0.223	1.000									
Expt Mgrs	0.303	0.339	-	1.000	(0.066)	0.033	0.249	0.218	0.192	0.310	1.000								
Economic distance	1.791	3.256	0.194	10.579	(0.301)	(0.501)	(0.041)	0.094	(0.071)	(0.019)	(0.015)	1.000							
Knowledge distance	10.780	11.048	1.061	30.008	(0.172)	(0.195)	(0.144)	(0.113)	(0.065)	(0.078)	(0.164)	0.296	1.000						
Cultural distance	19.940	3.569	4.917	30.425	(0.034)	(0.126)	0.006	0.043	(0.000)	0.066	0.139	0.132	0.202	1.000					
Nationalism	4.879	0.503	4.369	6.282	(0.109)	(0.151)	(0.145)	(0.065)	(0.098)	(0.033)	(0.047)	0.236	0.566	0.415	1.000				
Log_Tot Assets	7.759	1.512	2.639	12.674	0.702	0.197	(0.045)	(0.111)	(0.064)	(0.129)	(0.015)	(0.101)	(0.036)	0.052	0.022	1.000			
Log_HQ Sales	12.026	2.149	6.767	16.046	0.331	0.269	(0.061)	(0.030)	0.056	(0.020)	(0.049)	0.074	0.262	(0.105)	0.082	0.381	1.000		
Log_GDP growth	32.576	0.852	30.710	34.279	(0.061)	(0.197)	(0.026)	0.102	(0.050)	(0.013)	0.087	0.366	(0.536)	(0.257)	(0.355)	(0.046)	(0.096)	1.000	
Log_GDP per capita	33.277	0.437	32.272	34.132	0.286	0.450	0.121	(0.059)	0.088	0.055	0.107	(0.733)	(0.555)	(0.185)	(0.208)	0.142	(0.123)	(0.225)	1.000

Table 2: Expatriate CEO impact on subsidiary subsidiary sales

	H1 Base	H1a & H2a	H1b	H1c	H2b	H2c	Full model
Sales (log)	0.7670	0.7670	0.7640	0.7640	0.7720	0.7840	0.7760
	(0.0176)	(0.0175)	(0.0173)	(0.0179)	(0.0204)	(0.0332)	(0.0319)
	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total Assets (log)	0.1620	0.1620	0.1640	0.1640	0.1570	0.1480	0.1580
	(0.0166)	(0.0166)	(0.0161)	(0.0164)	(0.0172)	(0.0269)	(0.0266)
	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Inverse Mill's Ratio	0.1140	0.1140	0.1070	0.1120	0.1290	0.1270	0.1170
	(0.0434)	(0.0431)	(0.0442)	(0.0446)	(0.0548)	(0.0752)	(0.0809)
	0.0080	0.0080	0.0150	0.0120	0.0190	0.0910	0.1480
HQ sales (log)	0.0151	0.0151	0.0150	0.0144	0.0257	0.0374	0.0473
	(0.0190)	(0.0184)	(0.0186)	(0.0186)	(0.0203)	(0.0250)	(0.0237)
	0.4260	0.4120	0.4180	0.4390	0.2060	0.1350	0.0460
HQ assets (log)	-0.0217	-0.0217	-0.0197	-0.0189	-0.0281	-0.0389	-0.0428
	(0.0168)	(0.0164)	(0.0164)	(0.0165)	(0.0183)	(0.0239)	(0.0233)
	0.1950	0.1860	0.2310	0.2540	0.1250	0.1030	0.0660
GDP growth (log)	-0.0547	-0.0547	-0.0564	-0.0557	-0.0580	-0.0804	-0.0803
	(0.0363)	(0.0365)	(0.0419)	(0.0389)	(0.0430)	(0.0550)	(0.0621)
	0.1320	0.1330	0.1780	0.1520	0.1780	0.1440	0.1960
GDP per capita (log)	0.0022	0.0022	0.0037	-0.0014	0.0051	0.0122	0.0555
	(0.0179)	(0.0179)	(0.0205)	(0.0231)	(0.0294)	(0.0450)	(0.0851)
	0.9020	0.9020	0.8560	0.9510	0.8630	0.7860	0.5140
CEO (indicator)		0.0011	0.0430	0.0121	-0.0686	0.6300	0.0077
		(0.0546)	(0.0522)	(0.1170)	(0.1800)	(0.3650)	(0.4790)
		0.9840	0.4100	0.9170	0.7020	0.0850	0.9870
CEO x Economic distance			-0.0035				-0.0648
			(0.0033)				(0.0105)
			0.2890				0.0000
Economic distance			0.0013				0.0299
			(0.0021)				(0.0135)
			0.5280				0.0270
CEO x Knowledge distance				-0.0005			0.0021
				(0.0061)			(0.0031)
				0.9340			0.4900
Knowledge distance				-0.0012			0.0025
				(0.0026)			(0.0041)
				0.6440			0.5460
CEO x Cultural distance					0.0048		0.0143
					(0.0084)		(0.0097)
					0.5650		0.1410
Cultural distance					-0.0026		-0.0029
					(0.0037)		(0.0111)
					0.4860		0.7950
CEO x Nationalism						-0.1120	-0.0342
						(0.0770)	(0.0722)
						0.1470	0.6360
Nationalism						-0.0193	-0.0990
						(0.0481)	(0.0763)
						0.6880	0.1950
Country-level	-25.90	-17.20	-21.70	-22.30	-12.60	-18.30	-23.20
	(45.90)	(41.60)	(41.70)	(28.50)	(51.50)	(3.34)	(49.20)
	0.5730	0.6790	0.6030	0.4330	0.8070	0.0000	0.6380
Parent-level	-1.44	-1.44	-1.45	-1.46	-1.40	-1.47	-1.55
	(0.34)	(0.46)	(0.26)	(0.29)	(0.46)	(0.55)	(1.05)
	0.0000	0.0020	0.0000	0.0000	0.0020	0.0080	0.1420
N	1,686	1,686	1,678	1,677	1,352	885	872
aic	4,122	4,124	4,109	4,109	3,356	2,200	2,173

Table 3: Expatriate sales manager impact on subsidiary sales

	H1 Base	H1a & H2a	H1b	H1c	H2b	H2c	Full model
Sales (log)	0.7660	0.7650	0.7630	0.7630	0.7710	0.7840	0.7780
	(0.0180)	(0.0181)	(0.0176)	(0.0179)	(0.0209)	(0.0324)	(0.0320)
	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total Assets (log)	0.1650	0.1650	0.1660	0.1670	0.1600	0.1550	0.1640
	(0.0164)	(0.0162)	(0.0157)	(0.0155)	(0.0164)	(0.0273)	(0.0264)
	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Inverse Mill's Ratio	0.1440	0.1580	0.1540	0.1630	0.1620	0.1740	0.1680
	(0.0335)	(0.0350)	(0.0332)	(0.0328)	(0.0459)	(0.0632)	(0.0697)
	0.0000	0.0000	0.0000	0.0000	0.0000	0.0060	0.0160
HQ sales (log)	0.0218	0.0216	0.0208	0.0210	0.0330	0.0509	0.0543
	(0.0183)	(0.0183)	(0.0183)	(0.0186)	(0.0194)	(0.0229)	(0.0234)
	0.2350	0.2370	0.2570	0.2570	0.0890	0.0260	0.0200
HQ assets (log)	-0.0279	-0.0273	-0.0245	-0.0239	-0.0348	-0.0518	-0.0530
	(0.0165)	(0.0168)	(0.0169)	(0.0170)	(0.0185)	(0.0223)	(0.0227)
	0.0900	0.1050	0.1470	0.1590	0.0600	0.0210	0.0200
GDP growth (log)	-0.0463	-0.0467	-0.0423	-0.0443	-0.0510	-0.0619	-0.0609
	(0.0362)	(0.0362)	(0.0392)	(0.0333)	(0.0410)	(0.0472)	(0.0533)
	0.2010	0.1970	0.2800	0.1850	0.2130	0.1900	0.2530
GDP per capita (log)	0.0075	0.0072	0.0099	0.0065	0.0120	0.0195	0.0698
	(0.0185)	(0.0184)	(0.0204)	(0.0229)	(0.0285)	(0.0430)	(0.0908)
	0.6830	0.6940	0.6270	0.7760	0.6730	0.6500	0.4420
Sales manager (inidicator)		0.0569	0.0385	-0.0877	-0.3160	0.5810	0.4400
		(0.0688)	(0.0888)	(0.0497)	(0.2160)	(0.5840)	(0.6450)
		0.4080	0.6640	0.0770	0.1430	0.3200	0.4950
Sales mgr x Economic distance			0.0021				-0.0343
			(0.0024)				(0.0214)
			0.3820				0.1090
Economic distance			-0.0018				0.0043
			(0.0010)				(0.0132)
			0.0650				0.7460
Sales mgr x Knowledge distance				0.0092			0.0129
				(0.0042)			(0.0033)
				0.0280			0.0000
Knowledge distance				-0.0039			0.0008
				(0.0010)			(0.0040)
				0.0000			0.8520
Sales mgr x Cultural distance					0.0189		0.0249
					(0.0108)		(0.0109)
					0.0790		0.0220
Cultural distance					-0.0043		-0.0039
					(0.0032)		(0.0081)
					0.1860		0.6310
Sales mgr x Nationalism						-0.1150	-0.2100
						(0.1270)	(0.1220)
						0.3650	0.0850
Nationalism						-0.0413	-0.0683
						(0.0374)	(0.0755)
						0.2700	0.3660
Country-level variance	-18.3	-23.9	-23.3	-17.0	-8.9	-18.5	-22.6
	-5.4	-39.1	-45.1	-30.2	-55.2	-4.6	-57.7
	0.0010	0.5420	0.6060	0.5750	0.8720	0.0000	0.6950
Parent-level variance	-1.43	-1.44	-1.45	-1.45	-1.42	-1.42	-1.48
	(0.2520)	(0.4080)	(0.2920)	(0.3420)	(0.4510)	(0.4970)	(0.5400)
	0.0000	0.0000	0.0000	0.0000	0.0020	0.0040	0.0060
N	1,686	1,686	1,678	1,677	1,352	885	872
aic	4,121	4,121	4,107	4,101	3,348	2,198	2,167

Table 4: Expatriate CEO impact on productivity

	H3 base	H3a	H3b	H3c	H3d	Full model
Productivity (log)	0.7211	0.7220	0.7210	0.6750	0.6610	0.6710
	(0.0603)	(0.0601)	(0.0605)	(0.0741)	(0.0947)	(0.1000)
	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total assets (log)	0.0584	0.0583	0.0577	0.0823	0.1030	0.0986
	(0.0469)	(0.0471)	(0.0467)	(0.0487)	(0.0389)	(0.0409)
	0.2130	0.2160	0.2160	0.0910	0.0080	0.0160
Japanese expatriates (log)	-0.0001	0.0006	0.0006	0.0277	0.0418	0.0503
	(0.0710)	(0.0703)	(0.0701)	(0.0645)	(0.0440)	(0.0479)
	0.9980	0.9930	0.9930	0.6670	0.3430	0.2940
Inverse Mill's Ratio	-0.0225	-0.0295	-0.0356	-0.0265	0.0524	0.0650
	(0.1036)	(0.1150)	(0.1070)	(0.1500)	(0.1850)	(0.2100)
	0.8280	0.7980	0.7390	0.8600	0.7770	0.7570
Parent assets (log)	-0.0209	-0.0219	-0.0230	-0.0250	-0.0644	-0.0642
	(0.0328)	(0.0326)	(0.0348)	(0.0425)	(0.0646)	(0.0692)
	0.5240	0.5020	0.5100	0.5560	0.3190	0.3530
Parent sales (log)	-0.0334	-0.0327	-0.0317	-0.0242	0.1090	0.1060
	(0.0709)	(0.0705)	(0.0730)	(0.0895)	(0.1460)	(0.1510)
	0.6370	0.6430	0.6640	0.7870	0.4560	0.4840
GDP growth (log)	-0.1453	-0.1460	-0.1510	-0.2180	-0.1660	-0.1870
	(0.0733)	(0.0738)	(0.0773)	(0.0954)	(0.1120)	(0.1440)
	0.0470	0.0470	0.0510	0.0220	0.1390	0.1930
GDP per capita (log)	-0.0070	-0.0086	-0.0051	-0.0857	-0.0205	0.0672
	(0.0833)	(0.0831)	(0.0858)	(0.0915)	(0.1280)	(0.2100)
	0.9330	0.9170	0.9530	0.3480	0.8730	0.7490
CEO indicator		-0.0180	0.0216	0.4540	0.1700	-0.2900
		(0.0822)	(0.0863)	(0.2400)	(0.7750)	(1.1900)
		0.8260	0.8020	0.0590	0.8260	0.8070
CEO x Knowledge distance			-0.0022			-0.0051
			(0.0059)			(0.0119)
			0.7120			0.6650
Knowledge distance			0.0034			0.0149
			(0.0078)			(0.0094)
			0.6670			0.1130
CEO x Cultural distance				-0.0234		0.0088
				(0.0123)		(0.0213)
				0.0560		0.6790
Cultural distance				-0.0013		-0.0121
				(0.0092)		(0.0133)
				0.8840		0.3620
CEO x Nationalism					-0.0295	0.0387
					(0.1550)	(0.2370)
					0.8490	0.8700
Nationalism					-0.1590	-0.3570
					(0.0904)	(0.2010)
					0.0780	0.0750
Country-level variance	-1.43	-1.46	-1.43	-16.70	-23.80	-25.30
	(0.847)	(0.947)	(1.02)	0.0	(348)	(127)
	0.091	0.123	0.161	.	0.946	0.847
Parent-level variance	-1.51	-1.47	-1.50	-1.07	-23.10	-25.20
	(1.24)	(1.26)	(1.41)	(0.85)	(148)	(139)
	0.223	0.2410	0.2880	0.2050	0.8760	0.8560
N	305	305	305	246	152	152
aic	868	870	874	716	455	454

Table 5: Expatriate manager impact on productivity

Variable	H3 base	H3a	H3b	H3c	H3d	Full model
Productivity (log)	0.7211	0.7130	0.7090	0.6470	0.5340	0.5420
	(0.0603)	(0.0796)	(0.0811)	(0.0991)	(0.1340)	(0.1360)
	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total assets (log)	0.0584	0.1260	0.1450	0.1270	0.3170	0.2810
	(0.0469)	(0.0985)	(0.0897)	(0.1010)	(0.0926)	(0.0835)
	0.2130	0.2000	0.1070	0.2070	0.0010	0.0010
Japanese expatriates (log)	-0.0001	-0.0224	-0.0313	0.0418	-0.1460	-0.0975
	(0.0710)	(0.1290)	(0.1250)	(0.1410)	(0.1340)	(0.1310)
	0.9980	0.8620	0.8020	0.7670	0.2790	0.4560
Inverse Mill's Ratio	-0.0225	0.2810	0.3490	0.1240	0.7660	0.6830
	(0.1036)	(0.7550)	(0.6660)	(0.8340)	(1.0400)	(0.9430)
	0.8280	0.7100	0.6000	0.8820	0.4600	0.4690
Parent assets (log)	-0.0209	-0.1050	-0.0759	-0.1200	0.1540	0.1150
	(0.0328)	(0.1040)	(0.1000)	(0.1320)	(0.1400)	(0.1300)
	0.5240	0.3160	0.4490	0.3630	0.2700	0.3780
Parent sales (log)	-0.0334	0.0311	0.0125	0.0279	-0.0491	-0.0385
	(0.0709)	(0.0415)	(0.0458)	(0.0513)	(0.0719)	(0.0717)
	0.6370	0.4530	0.7860	0.5860	0.4950	0.5910
GDP growth (log)	-0.1453	-0.3180	-0.3290	-0.3700	-0.2240	-0.2200
	(0.0733)	(0.0968)	(0.0967)	(0.1510)	(0.1210)	(0.1520)
	0.0470	0.0010	0.0010	0.0140	0.0650	0.1480
GDP per capita (log)	-0.0070	-0.0824	-0.0937	-0.1480	0.0408	0.2350
	(0.0833)	(0.1150)	(0.1300)	(0.1830)	(0.2520)	(0.2920)
	0.9330	0.4740	0.4700	0.4210	0.8710	0.4210
Expatriate managers (pct)		0.2150	0.4040	0.4860	5.0300	9.4400
		(0.2430)	(0.2820)	(0.4820)	(2.5100)	(2.4900)
		0.3760	0.1510	0.3130	0.0450	0.0000
Exp Mgr x Knowledge distance			-0.0120			0.0536
			(0.0186)			(0.0257)
			0.5210			0.0370
Knowledge distance			0.0103			-0.0058
			(0.0099)			(0.0167)
			0.2980			0.7290
Exp Mgr x Cultural distance				-0.0191		-0.0728
				(0.0187)		(0.0469)
				0.3080		0.1210
Cultural distance				0.0003		0.0282
				(0.0135)		(0.0355)
				0.9800		0.4260
Exp Mgr x Nationalism					-0.8450	-1.5800
					(0.4660)	(0.3850)
					0.0700	0.0000
Nationalism					0.2650	0.3910
					(0.2160)	(0.2310)
					0.2190	0.0900
Country-level variance	-1.43	-18.0000	-22.6000	-26.6000	-18.5000	-28.1000
	(0.847)	(64)	(124)	(99)	(56,000)	(634)
	0.091	0.7780	0.8560	0.7880	1.0000	0.9650
Parent-level variance	-1.51	-15.3000	-1.2000	-0.8970	-21.3000	-26.7000
	(1.24)	(70)	(20)	(8)	(310)	(229)
	0.223	0.8280	0.9530	0.9130	1.0000	0.9070
N	305	188	188	157	92	92
aic	868	567	570	484	287	282

Table 6: Expatriate HR Manager impact on productivity

Variable	H3 base	H3a	H3b	H3c	H3d	Full model
Productivity (log)	0.7211	0.7270	0.7270	0.6890	0.6770	0.6830
	(0.0603)	(0.0588)	(0.0584)	(0.0701)	(0.0877)	(0.1030)
	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total assets (log)	0.0584	0.0653	0.0651	0.0889	0.1020	0.0948
	(0.0469)	(0.0465)	(0.0460)	(0.0514)	(0.0511)	(0.0544)
	0.2130	0.1600	0.1570	0.0830	0.0460	0.0820
Japanese expatriates (log)	-0.0001	0.0026	0.0027	0.0301	0.0500	0.0599
	(0.0710)	(0.0709)	(0.0705)	(0.0672)	(0.0484)	(0.0514)
	0.9980	0.9710	0.9700	0.6550	0.3010	0.2440
Inverse Mill's Ratio	-0.0225	0.0689	0.0667	0.0500	0.0797	0.0731
	(0.1036)	(0.1210)	(0.1250)	(0.1510)	(0.1200)	(0.1270)
	0.8280	0.5700	0.5950	0.7410	0.5070	0.5650
Parent sales (log)	-0.0209	-0.0342	-0.0337	-0.0259	0.1120	0.1160
	(0.0328)	(0.0709)	(0.0739)	(0.0895)	(0.1470)	(0.1550)
	0.5240	0.6300	0.6480	0.7720	0.4430	0.4560
Parent assets (log)	-0.0334	-0.0247	-0.0250	-0.0321	-0.0654	-0.0657
	(0.0709)	(0.0327)	(0.0343)	(0.0438)	(0.0613)	(0.0621)
	0.6370	0.4490	0.4650	0.4640	0.2860	0.2900
GDP growth (log)	-0.1453	-0.1350	-0.1360	-0.2020	-0.1610	-0.1870
	(0.0733)	(0.0668)	(0.0647)	(0.0821)	(0.0848)	(0.1030)
	0.0470	0.0430	0.0360	0.0140	0.0570	0.0710
GDP per capita (log)	-0.0070	-0.0125	-0.0115	-0.0784	-0.0154	0.0665
	(0.0833)	(0.0836)	(0.0868)	(0.0939)	(0.1250)	(0.1950)
	0.9330	0.8810	0.8950	0.4040	0.9020	0.7340
HR manager (indicator)		-0.0915	-0.0753	-0.1750	-0.5820	-1.8100
		(0.1190)	(0.1140)	(0.5180)	(1.0000)	(1.5300)
		0.4410	0.5070	0.7350	0.5620	0.2350
HR Mgr x Knowledge distance			-0.0011			-0.0155
			(0.0052)			(0.0073)
			0.8410			0.0350
Knowledge distance			0.0007			0.0150
			(0.0101)			(0.0110)
			0.9470			0.1740
HR Mgr x Cultural distance				0.0009		0.0116
				(0.0225)		(0.0393)
				0.9680		0.7680
Cultural distance				-0.0098		-0.0102
				(0.0116)		(0.0131)
				0.3970		0.4350
HR Mgr x Nationalism					0.0823	0.3220
					(0.2130)	(0.3990)
					0.6990	0.4190
Nationalism					-0.2020	-0.3930
					(0.1050)	(0.1730)
					0.0550	0.0240
Country-level variance	-1.43	-1.45	-1.44	-19.30	-24.90	-20.20
	(0.847)	(0.9)	(0.9)	(5.7)	(88.7)	(142.0)
	0.091	0.0980	0.1220	0.0010	0.7790	0.8870
Parent-level variance	-1.51	(1.5)	(1.5)	(1.0)	(24.6)	(20.5)
	(1.24)	(1)	(1)	(1)	(128)	(49,000)
	0.223	0.2020	0.2200	0.1090	0.8480	1.0000
N	305	305	305	246	152	152
aic	868	869	873	717	454	452

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