Relationship between Cultural Origin of Multinational Companies and Employing Expatriates in Foreign Subsidiaries in Central and Eastern Europe

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Abstract: In the present study, we examine the question of whether the cultural characteristics of the country of the parent company are related to the posting practices of the parent company. According to our hypothesis, the management culture of the sending (parent) company influences the employment of foreign expats in local subsidiaries. In this research we use interviews and multivariate statistical analysis of survey data from five CEE countries, an important but relatively less examined region for global HR mobility. We found a significant relationship between cultural differences and expatriate assignment practices of MNCs. However, based on the strength of the relationship, we can conclude that in addition to management culture, other influencing factors typically influence posting decisions. Our results support Hofstede’s suggestion about the cultural dependence of management methods from a specific, management of expatriates, perspective.

Keywords: management of expatriates; national culture; multinational companies; subsidiaries; CEE countries

JEL Classification: F23(0), M14(0), M 51

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**Introduction**

Internationalisation means that ‘a domestic company extends its activities to foreign markets and creates such units in other countries, which increase its added value producing capability’ (Galbraith, 2000; see also Saka, 2002). Globalisation is a ‘process whereby worldwide interconnections in virtually every sphere of activity are growing’. (Parker, 2005) Implications of globalization and international business have impacted on the use of human resources, and international human Resources management (IHRM) has evolved into a distinctive subject (Buckley, 2002; Brewster et al., 2011; Harzing & Pinnington, 2015; Banfield et al., 2018).

International HRM (IHRM) consists of the HRM strategies, policies and practices pursued in response to the internationalization of business (Scullion, 1995). IHRM ‘is concerned with identifying and understanding how global and international organisations manage their geographically dispersed workforce in order, to leverage their HR resources for obtaining local as well as global competitive advantage.’ (Brewster et al., 2011). Key HRM issues of operating in an international dimension include: HRM overall strategy, global talent management and mobility, transfer of knowledge and competences, choice between standardized or flexible (locally adjusted) policies and practices, strategies for resourcing, rewarding, and managing employees, corporate communications, and information management. (Harris et al., 2001; Ruzzier et al., 2006; Brisco et al., 2009; Brewster et al., 2011; Tarique et al., 2016; Aswathappa & Dash, 2020; Lucio & MacKenzie, 2022)

The environment of global management consists of four elements: economic, legal, political, and cultural. (Thomas & Peterson, 2018) For IHRM, specific differences relate to language, employment laws, political climates, the stages of social and economic development, and social values and attitudes (Banfield, 2018). Out of the afore mentioned main topics of international HRM (Harris et al., 2001; Scullion et al., Collings & Gunnigle, 2007; Brisco et al., 2009; Brewster et al., 2011; Tarique et al., 2016; Aswathappa & Dash, 2020; Lucio & MacKenzie, 2022) in the focus of this paper are issues related to global mobility, and specifically, some of the cultural aspects of the latter.

The term culture is defined in different ways. Most of the definitions are based on societal approach and underline the importance of shared beliefs, values, and patterned ways of behaviours in understanding this phenomenon. (Kroeber & Kluckhohn, 1952; Kluckhohn, 1961; Smircich, 1983; Schein, 1985; Kilmann et al., 1986) Hofstede (1980) defined culture as ‘the collective programming of the mind that distinguishes the members of one group or category of people from others.’ According to a recent working definition of Thomas and Peterson (2018) ‘culture is a set of knowledge structures consisting of systems of values, norms, attitudes, beliefs, and behavioural meanings that are shared by members of a social group (society) and embedded in its institutions and that are learned from previous generations’.
Business cultural environment consists of two main elements: national and organizational culture. National culture is a complex system of norms, social values, behaviours, expectations, and legal frameworks that gives an identity to a particular country. (Trompenaars & Hampden-Turner, 1997; Scherm, 1999; Banfield et al., 2018) Hofstede (1983) argues that nations as political entities show a cultural consensus regarding their governmental, legal, educational, labour, and employment relations systems and are characterized by a small number of official languages. At the same time, the culture is not homogeneous, therefore we can define smaller cultural groups (Berry, 1998) or organizational teams (Schein, 1995) as subcultures. Follow Hofstede authors Thomas and Peterson (2018) underline the strength of the effect of national culture as a system of shared meanings, unconditional relationships in which we are born and totally immersed. From an international business perspective, they suggest national culture from where to start understanding the cultural environment. Originally Hofstede (1980) measured four dimensions of national culture: individualism-collectivism, power distance, uncertainty avoidance, and masculinity-femininity. Later the dimensions of long-term orientation and indulgence, vs. restraint were added to values surveys. (Hofstede et al., 2010; Minkov & Hofstede, 2012;) Theories on cultural differences include studies about the content and structure of values (Schwartz & Bilsky, 1990) and value orientations (Smith et al., 1996; Schwartz, 2000; Inglehart–Baker, 2000; House et al., 2004).

The phenomenon of globalization is affecting both social and organizational cultures. This is because the greater the difference between the cultural characteristics of a country and the organizational culture operating in it, the greater the challenge for management in bridging them. (Borgulya, 2014; Meier, 2002; Tahir & Egleston, 2019; Singh et al., 2019) The international organizations can be successful in such a cultural environment if they develop in their own organizational culture the ability for cultural sensitivity among their employees based on understanding and empathy (Holt & Wigginton, 2002; Setti et al., 2020; Mumtaz & Nadeem, 2022). This flexible behaviour allows them to adapt effectively to the unique cultural environment and to manage cultural differences accordingly (Deresky, 2014) both between the “head-quarter” of multinational corporation and its subsidiaries and between the employees, especially expatriates.

This research examines the possible relationship of the national cultural background of multinational company (MNC) and its practice regarding international assignments.

Nowadays the expression expatriate defines persons who act abroad in a wide circle. According to Armstrong (2010) expatriates are employees who work overseas either on long- or short-term missions. Regarding their origin these people can be both citizens of the mother country, or from a third country. McNulty and Selmer (2017) refer to expatriates as persons living outside their mother countries, including those who are posted abroad. As Andersen et al. (2014) put it, the widest definition of
the notion of expatriate entails two elements: living outside the mother country and being physically mobile. Mobility can be either professional, or because of personal reasons, either on long- or short-term; either sponsored by the organization or not. It is important to note that physical mobility is in relationship with psychological mobility, i. e. a deeper tendency of individuals to remain flexible throughout career. (Galanaki, 2016)

From the point of view of our topic, the most important is to concentrate on business expatriates. The main responsibilities of expatriates are as follows:

- keeping control of the executives and managers of the subsidiary organization, and contact with company headquarters (Rosenzweig & Nohria, 1994; Harzing, 2001; Thomas & Lazarova, 2013)
- transferring company-specific knowledge, skills, and culture (Edström & Galbraith, 1977; Thomas, 1998; Bonache & Breswter, 2001; Hocking et al., 2004) including the transmission of new and additional global management skills and competencies required by global management operations (Cascio & Boudreau, 2016)
- training of leaders to be nominated for international positions (Edström & Galbraith, 1977), participation in the development of global management talent pools (Farndale et al., 2010; Cascio & Boudreau, 2016)
- filling in positions becoming empty in case there is no properly qualified workforce in the given region (Edström & Galbraith, 1977; Boyacilliger, 1990)

These expatriates can be persons on overseas mission nominated by the organization (Assigned Expatriates - AE) or volunteer expatriates (Self-Initiated Expatriates – SIE) (McNulty, Selmer, 2017). Based on Adams and Van de Vijver (2015) and McNulty (2013), (following the differentiation within the AE category) we can differentiate three categories: traditional, non-traditional, and volunteer expatriates. To the traditional category belong those Western male managers in their 40-ies or 50-ies who participate on an international mission of an organization with their wives and children. Non-traditional expatriates are normally women, careerists, singles, couples of the same gender, or couples without children in their <30-ies or late >60-ies who are sent on an overseas mission by an international organization. Finally, regarding the group of volunteer expatriates, they are highly qualified people or scientists, who are active in searching work possibilities abroad. The group of Assigned Expatriates (AE) comprise employees who are already on the summit of their career or take a long- or short-term mission as a summit of their career. Generally long-term missions last two to five years, while short-term missions last less than one year. The category of Self-initiated Expatriates means employees, who are not sent on a mission by and organization, but they initiate and finance their mission themselves (McNulty & Selmer, 2017; Lauring & Selmer, 2018).

Expatriate management, as a function of IHRM can include two different activities: management of expatriates and management by expatriates. (Selmer, 2019)
Management of expatriates entails organizational activities from recruitment to repatriation whereas management by expatriates is associated with issues that foreign managers encounter in a host location. (Selmer, 2019) In this study we examine traditional and, non-traditional Assigned Expatriates sent over for missions to Central-Eastern Europe from a management of expatriates, perspective.

**Literature review**

A key research topic in literature regarding international mobility is the success/failure of expatriation assignments. (See, for example, Bednarova et al., 2018; Tahir & Egleston, 2019; Fu & Charoensukmongkol, 2019; Setti et al., 2020; Panda et al., 2022) Expatriate success is determined by the combination of individual, organisational and context related factors. Assignments are often characterized by so called expatriate crises that can evolve at micro (personal and family), meso (network and organisational domains) and macro (host country) levels. (McNulty et al., 2019) Expatriate adjustment is a dynamic, psychologically and contextually determined process (Banai, 2022; Mumtaz & Nadeem, 2022) and constitutes a challenge to individuals paradoxically even in a culturally similar country (Vromans et al., 2013) It has been revealed that the most significant factors driving expatriate success are the following: cross-cultural competences, spousal support, motivational questions, time of assignment, emotional competences, previous international experience language fluency, social relational skills, cultural differences, and organizational recruitment and selection practices (Canhilal & Shemueli, 2015). In their review DeNisi and Sonesh (2016) propose a multidimensional model of success and failure in international assignments. Their model includes task performance, relationship building, contextual performance, and retention. The authors also describe two prerequisites for success, absorptive capacity (at individual and unit level), and adjustment. (DeNisi & Sonesh, 2016) A critical issue within expatriate career and final success is repatriation. (James & Azungah, 2019; Mello et al., 2022)

As opposed to an output perspective—i.e. issues and measures of expatriate success/failure—this paper examines expatriate management process from an input—namely IHRM strategic—perspective. According to literature, factors influencing expatriate staffing strategies include host country characteristics, characteristics of multinational companies (e.g. stage of internationalization and investors’ decision-making behaviour), subsidiary characteristics (e.g. size and task complexity), and the cultural distance between the headquarters and the subsidiary company. (Boyacigiller, 1990; Gong, 2003a; Stroh et al., 2005, Brisco et al., 2009; Reiche & Harzing, 2011; Thomas & Peterson, 2018; Tarique & Schuler 2018; Qasim et al., 2019; Singh et al., 2019; Bebenroth & Froese, 2020; Tenzer et al., 2020)
Host country differences that can explain variations in HRM strategies and practices in subsidiary operations are not exclusively cultural ones but include institutional differences, as well (Vaiman & Brewster, 2015; Meuer et al., 2019). For example, the institutional distance between home and host country affects how directly the HQ of multinational company controls subsidiary operations. (Gaur et al., 2007). A study of service firms found that the institutional distance between the host country and the home country is negatively associated with the ratio of parent country nationals (Ando & Endo, 2013).

Within the factors influencing expatriate staffing strategies this paper examines one specific—host country level, cultural—factor, namely how expatriate employment decisions are impacted by national culture.

National culture, as one of the factors within host country differences, has been highly researched on its impact on the management practice of multinational companies. Hofstede (1980) bases on divergence theory for the study of cultures. He started to cluster the countries according to the examination of management culture (differences and similarities between cultures). His research proved that even organizations building on similar technology must employ different management methods depending on the culture of the given society. He pointed out that the management methods of multinational companies built on the company culture operate in a different way under the culture of the receiving country. (Hofstede, 1983).

As an outstanding researcher, Trompenaars (1997) also examined the impact of culture in the field of management and business life. In his model he focused on the relationship among people and to the natural environment and the relation to time and defined 7 cultural dimensions. The groups of countries clustered are to a great extent similar with those of Hofstede’s.

Hofstede’s suggested that corporates from countries which score high on uncertainty avoidance have a preference towards selecting parent country nationals (PCNs) as opposed to home country nationals (HCNs) as managing directors for their affiliates. (Hofstede, 1980) In the research of Bebenroth et al. (2008) two cultural variables relating to parent countries, Uncertainty Avoidance and Power Distance, were found to be associated with the likelihood of multinationals sending PCNs to executive positions at their affiliates.

Regarding the importance of the cultural factor Black and Gregersen (1999) outlined in an early study that they found at 750 U.S. companies that 10–20 percent of expats sent to subsidiaries left their jobs before the end of their posting, mainly due to cultural difficulties and unsuitability. Nowadays, we are not simply talking about the competitive advantage of HRM, but diversity has come to the fore as such a factor in the expatriate missions of foreign expats to the subsidiaries there. (Scheibele, 2017) Recent research has highlighted that there can be significant differences between a company’s espoused values and its lived values in many cases. (Minbaevaa et al., 2018).
The results of the research of Colakoglu and Caligiuri (2008) suggest that firms rely on a greater number of parent country expatriates when they are culturally distant from the subsidiary (i.e., the United States). Gong’s (2003b) research applies the agency theory prediction that “MNEs will rely more heavily on parent country nationals as cultural distance increases and that this reliance will weaken over time”. Other earlier research works have pointed out that e.g. companies with Japanese background characteristically send expatriates to their subsidiaries in higher number. (Kopp, 1994; Rosenzweig & Nohria, 1994; Harzing, 2001).

Based on these research works on culture, our research question arises, whether the national culture of the parent company management influences the deployment of expatriates to the local “daughter companies”.

**Hypothesis**: the national cultural affiliation of the sending company is significantly related to the number of the expatriates assigned to its foreign subsidiary companies.

**The proposed study**

*Sample and procedure*

Data for this research have been gathered in five CEE countries, Hungary, Poland, Romania, Serbia, and Slovakia, out of which three (Hungary, Poland, and Slovakia) are Visegrád4 (V4) countries, in the period of 2008-2020. The research examined HR functions and practical solutions of MNC daughter companies settled in Central and Eastern Europe. The research has not been longitudinal i.e., it does not necessarily question the same respondents in different periods. Every questionnaire is filled in by one respondent, the answers can contain on one hand facts and data, on the other hand opinions from local subsidiaries.

Regarding the research sample, the data filtered show that in all the four periods of questioning similar numbers of companies/organizations could be addressed. Altogether 899 answers arrived, in the first wave 222, in the second wave 254, in the third wave 232, and finally in the fourth wave 191. The highest number of companies included was in Hungary (344), the second was in Poland 257, followed by Romania 129, Slovakia 99, and finally Serbia with 70 answers.

The distribution of organizational size in all four periods is even/similar. The organizations questioned had less than 1000 employees, on average 75% (within the interval of 58,1 – 94,1%). Companies with an employee number between 1001 and 5000 give 20% of the sample while organizations/companies with 5000 employees give 20.

Grouping the interviewees according to chain of values, it can be claimed, that in the first wave of the survey in Hungary the role of marketing is most frequent (28), this is followed by production and services (17), and development. In case of Poland...
the division is even, there are only two outstanding values: the activity circle in most companies is sourcing (24) and the least spread activity is production/services (9). The activity of the companies is coherent in case of the other three countries. Production and services are dominant in the second survey in case of each country, and it is followed by sales, and the three activities have an even divide of values. We can also find similar values to the previous wave in the third survey, the situation changed only in case of Hungary, where the most definitive profile of daughter companies was not production/services anymore but sales. In the fourth period production and service companies are in the first place, followed respectively by marketing, development, sourcing, and sales companies, and the country profiles are similar with each other.

Regarding the spread of sectors, we can notice that the V4 countries show similar pattern in the sample. In Hungary, similarly with other V4 countries the most definitive sector was industry (52%). This is followed by sales with 28% and non-financial services. In non-V4 countries the following characteristics can be noticed: most companies in Romania in the first period were active in non-financial services (38%) and in sales (38%). On the other hand, in the third wave the most frequent was financial services within companies and it was followed by industry (18,9 %) and sales (18,9%). In Serbia, the most definitive sectors were industry (35%, 35,3%, 41,9%) and financial services (25%, 41,2%, 29%). In case of the fourth period 40% of the responding organisations are from industry, 16-16% from commercial and other services, 11% from financial services and 13% from other sectors.

For our research it is important to identify the national cultural affiliation of the multinational company. Based on various sources, several groupings are known in the literature. (Brewster & Larsen, 1992; Ronen & Shenkar, 1985; Whitle, 1999; Brewster et al., 2004) Follow the theories of Hofstede (1983) and Trompenaars (1997) in this research six categories are differentiated from the point of view of the culture of the sending company: German, Latin-Europe, Northern Europe, Anglo-Saxon, Central- and Eastern Europe and Asian. The countries included are as follows:
- German: Austria, Germany, Switzerland, Netherlands
- Latin Europe: Spain, Italy, France
- Northern Europe: Denmark, Finland, Norway, Sweden
- Anglo-Saxon countries: Canada, USA, Republic of South Africa, Great Britain
- Central- and Eastern Europe: Czechia, Hungary, Greece, Slovakia, Poland, Russia
- Asian countries: Japan, Israel, South-Korea, China

Measures

The questionnaire used for this research includes primarily closed questions for enhancing statistical analysis. Most of the questions require respondents to mark the
most typical ones from pre-defined responses. For facilitating statistical analysis, the same questionnaire constructed in English language was used in all countries, translated to the national language of the respective country. The language accuracy of the initial questionnaire was checked by native English speaker research team members. Translations were made by team members from the five participating countries who checked the accuracy of the translation by using a questionnaire containing a separate English and local language column, which was returned to other members of the local research team for re-check. (Brewster et al., 2018).

The questionnaire covers different HR functions and strategic issues in the field of HR, and gathers data about the role of the parent and daughter company in HRM, and the relationship between knowledge management and HR. It contains the following main topics:
- Key indices of the organization and its management.
- Key data of HR work: number of HR employees, responsibilities, and results of the HR function.
- Overall characteristics and importance of some HR sub-functions, employment of overseas expatriates and in-patriates, division of roles between the headquarters and local HRM.
- Questions about knowledge management and the future of HRM.

The database contains the data of the multinational companies of the following countries: Hungary, Poland, Croatia, Romania, Serbia, Slovakia, Estonia. In the present study we show the data of five countries participating in all waves of the research: Hungary, Poland, Romania, Serbia, and Slovakia. The research had four waves so far (2008-2009., 2012-2013., 2015-2016., and 2019-2020). (Our empirical research was completed before the outbreak of the Coronavirus epidemic in February 2020.) In all the four waves of this empirical survey a similar questionnaire and method were used. In this way, we were able to overcome to some extent the difficulties challenged and triggered by the international environment. (Harzing et al., 2013) Within the wide thematic spectrum examined by the surveys this paper examines the problem whether the cultural affiliation of the sending company influences the employment of expatriates to its foreign subsidiary companies.

If we examine the composition of subsidiaries in the five receiving countries, we notice similar divisions in all four periods from the point of view of the sending companies’ national cultural affiliations. In Hungary, for example, most of the companies have German roots (38,7%, 50,8%, 57,5%, 31,4%) in all the four periods. The second group represented is Anglo-Saxon. From the sample a 30,7% in the first period, a 28 % in the second period, a 18,4 % in the third, and a 27,7%. in the fourth period of the companies originate from this culture. All companies from Latin-Europe in all the four periods are over 10 %.

Poland’s case is similar with that of Hungary. Most companies have a German domestic company in all the four periods (in the first period 36,8%, second period
41.5%, third period 43.9%, fourth period 28.3%). In case of Poland we find two further important groups of culture: Anglo-Saxon, from where 28.7%, 22.6%, 22.8%, and 30% stem, and Latin-Europe (16.1%, 20.8%, 22.8%, 15%).

In Slovakia in the first period majority of companies interviewed origin from the region of Central-Eastern Europe (34.8%). They are followed by companies with a home company from Anglo-Saxon (21.7%), then North European (17.4%) and German (17.4%) countries. In the second, third and fourth period majority of daughter companies interviewed stemmed from the German group (40%, 47.1%, 34.5%). Most of remaining companies rooted from Central- and Eastern Europe (23.3, 23.5% 9%), Anglo-Saxon region (13.3%, 11.8%, 24.4%), and Latin Europe (13.3%, 11.8%, 24.4%).

In Romania in the first (47.1%) and the second period (35.3%) companies with German management culture were in majority, while in the third period the representatives of the Anglo-Saxon cultures (45.7%). In the fourth period 34.5% Similarly with Romania, in Serbia in the first (40%) and second period (36.8%) German organizations were in majority. Nevertheless, in the third period the country of origin of most companies was Latin Europe (32.3%), followed by a German cluster (29%), and Central- and Eastern Europe (25.8%). In the fourth period, the largest proportions of organizations wee of German (29.3%), Anglo-Saxon (24.4%) and Latin (24.4%) origin.

For testing the hypothesis Cross-table analysis and Chi-square test was made. In the Cross-table analysis the values of the dimensions “Number of expatriates” were: 1, 2-5, 6-10, 11-15, over 15. In table 1. it can be seen what the division of the different country groups was like in the first period for the daughter companies interviewed. The most typical is that in case of the five groups 2-5 expatriates are sent to the daughter companies (German – 41.5%, Latin-Europe – 47.8%, Anglo-Saxon – 46.7%, Central-Eastern Europe – 60%, and Asia – 36.4%) from the five groups. Northern Europe is an exception, where they achieved “2-5” categories higher values, for the category of “more than 15 delegates). It also is to be noted that in cases of two other groups of countries (Anglo-Saxon, Asia) almost or even more than 25% of MNCs employ more than 15 expatriates.

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2-5</th>
<th>6-10</th>
<th>11-15</th>
<th>15-</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>German</td>
<td>17.1%</td>
<td>41.5%</td>
<td>19.5%</td>
<td>2.4%</td>
<td>19.5%</td>
<td>100%</td>
</tr>
<tr>
<td>Latin-Europe</td>
<td>8.7%</td>
<td>47.8%</td>
<td>26.1%</td>
<td>8.7%</td>
<td>8.7%</td>
<td>100%</td>
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<tr>
<td>Northern-Europe</td>
<td>20.0%</td>
<td>30.0%</td>
<td>10.0%</td>
<td>10.0%</td>
<td>30.0%</td>
<td>100%</td>
</tr>
<tr>
<td>Anglo-Saxon</td>
<td>13.3%</td>
<td>46.7%</td>
<td>10.0%</td>
<td>6.7%</td>
<td>23.3%</td>
<td>100%</td>
</tr>
<tr>
<td>Central-Eastern</td>
<td>13.3%</td>
<td>60.0%</td>
<td>6.7%</td>
<td>13.3%</td>
<td>6.7%</td>
<td>100%</td>
</tr>
<tr>
<td>Asia</td>
<td>18.2%</td>
<td>36.4%</td>
<td>18.2%</td>
<td>0.0%</td>
<td>27.3%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Authors’ own research
In the second period (see Table 2), similarly to the first one, most groups of countries sent 2–5 delegates to the daughter company (Germany 45.8%, Latin Europe – 40%, North-Europe – 41.7%, and Central-Eastern Europe – 60%). We found outstanding values in the case of certain groups in the “1 expatriate” group (German – 31.3%, Latin – Europe – 26.7%, and Anglo-Saxon 36.4%). Opposed to this, in the Central- and Eastern European group it was typical to expatriates of 6-10. In the Asian countries (50%) they employed more than 15 expatriates.

Table 2: Division of expatriates based on national cultural background of parent organization, period 2012/2013

<table>
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<tr>
<th></th>
<th>1</th>
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<th>6-10</th>
<th>11-15</th>
<th>15-</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>German</td>
<td>31.3%</td>
<td>45.8%</td>
<td>4.2%</td>
<td>2.1%</td>
<td>16.7%</td>
<td>100%</td>
</tr>
<tr>
<td>Latin - Europe</td>
<td>26.7%</td>
<td>40.0%</td>
<td>20.0%</td>
<td>0.0%</td>
<td>13.3%</td>
<td>100%</td>
</tr>
<tr>
<td>Northern - Europe</td>
<td>16.7%</td>
<td>41.7%</td>
<td>16.7%</td>
<td>8.3%</td>
<td>16.7%</td>
<td>100%</td>
</tr>
<tr>
<td>Anglo-Saxon</td>
<td>36.4%</td>
<td>18.2%</td>
<td>22.7%</td>
<td>4.5%</td>
<td>18.2%</td>
<td>100%</td>
</tr>
<tr>
<td>Central-Eastern Europe</td>
<td>0.0%</td>
<td>60.0%</td>
<td>40.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>Asia</td>
<td>16.7%</td>
<td>33.3%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>50.0%</td>
<td>100%</td>
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</table>

Source: Authors’ own research

In the third period, (see table 3), the employment of 2-5 expatriate is most characteristic (45.8%). In case of 22.9% of the companies the number of expatriates was more than 10. The employment of 2-5 expatriates was highly typical, in case of Latin (72.7%) and Central-and Eastern Europe (50%) while in case of Northern Europe (60%) it was only 1 expatriate. Companies employing more than 10 expatriates were typical of the Anglo-Saxon group (45.7%), while in the Asian countries this rate is equal to the Asian countries employing 2-10 expatriates (50%-50%).

Table 3: Division of expatriates based on national cultural background of parent organization, period 2015/2016

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2-5</th>
<th>6-10</th>
<th>11-15</th>
<th>15-</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>German</td>
<td>16.7%</td>
<td>45.8%</td>
<td>14.6%</td>
<td>2.1%</td>
<td>20.8%</td>
<td>100%</td>
</tr>
<tr>
<td>Latin - Europe</td>
<td>9.1%</td>
<td>72.7%</td>
<td>9.1%</td>
<td>9.1%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>Northern - Europe</td>
<td>60.0%</td>
<td>40.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>Anglo-Saxon</td>
<td>13.3%</td>
<td>26.7%</td>
<td>13.3%</td>
<td>6.7%</td>
<td>40.9%</td>
<td>100%</td>
</tr>
<tr>
<td>Central-Eastern Europe</td>
<td>12.5%</td>
<td>50.0%</td>
<td>25.0%</td>
<td>0.0%</td>
<td>12.5%</td>
<td>100%</td>
</tr>
<tr>
<td>Asia</td>
<td>0.0%</td>
<td>33.3%</td>
<td>16.7%</td>
<td>16.7%</td>
<td>33.3%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Authors’ own research

Based on the data of the fourth period (see Table 4), it can be stated that the organizations with German, Latin, Asian and Anglo-Saxon backgrounds employ dominantly 1 expatriate. 60% of Northern organizations employ expats between 11 and 15 people.
Table 4: Division of expatriates based on national cultural background of parent organization, period 2019/2020

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2-5</th>
<th>6-10</th>
<th>11-15</th>
<th>15-</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>German</td>
<td>63%</td>
<td>6%</td>
<td>0%</td>
<td>25%</td>
<td>6%</td>
<td>100%</td>
</tr>
<tr>
<td>Latin - Europe</td>
<td>53%</td>
<td>13%</td>
<td>7%</td>
<td>27%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>Northern - Europe</td>
<td>0%</td>
<td>0%</td>
<td>20%</td>
<td>60%</td>
<td>20%</td>
<td>100%</td>
</tr>
<tr>
<td>Anglo-Saxon</td>
<td>50%</td>
<td>0%</td>
<td>6%</td>
<td>31%</td>
<td>13%</td>
<td>100%</td>
</tr>
<tr>
<td>Central-Eastern Europe</td>
<td>25%</td>
<td>13%</td>
<td>13%</td>
<td>38%</td>
<td>13%</td>
<td>100%</td>
</tr>
<tr>
<td>Asia</td>
<td>57%</td>
<td>0%</td>
<td>14%</td>
<td>14%</td>
<td>14%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Authors’ own research

Organizations with CEE background show a more diverse picture. 38% of them employ an average of 1 person, 13-13-13% employ 2-5, 6-10 more than 15 expatriates.

Summarized, for the first three periods, the number between 2-5 employees was most characteristic in the German, Latin, and Central and Eastern European clusters of countries, with min. 41,5% and max. 60,0% rates, respectively. In the Asian and the Anglo-Saxon clusters the numbers over 15 were the highest (min. 18,2%, max. 50,0%). One exception occurred in 2008/9 that Northern Europe showed the highest representation rate with numbers above 15 (30%). The results for the fourth period show a slightly different picture. Most of the examined organizations employ an average of 1 expat by the exception of the North European cluster with over 15 assignments as the highest.

In table 5, the result of the test used for the examination of our hypothesis are shown. The examination proved that the Chi-square test (p=0,044, p=0,028, p=0,035, p=0,030) shows significant correlation in all the four periods within the p<0,05 trustable interval in all the four periods of time, where the associative coefficient value, measuring the strength of the relationship (Cramer’s V) in case of the first period 0.195, in the second 0.175 and in the third one was 0.196 and in the fourth was 0.169. The associative coefficient refers to lower relations in all the four cases.

Table 5: Chi-Square test based on national cultural background of parent organization

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>0,030</td>
<td>0,035</td>
<td>0,028</td>
<td>0,044</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>0,022</td>
<td>0,018</td>
<td>0,028</td>
<td>0,044</td>
</tr>
<tr>
<td>Cramer’s V</td>
<td>0,169</td>
<td>0,196</td>
<td>0,176</td>
<td>0,195</td>
</tr>
<tr>
<td>N</td>
<td>191</td>
<td>227</td>
<td>254</td>
<td>203</td>
</tr>
</tbody>
</table>

Source: Authors’ own research
Based on our statistical analysis the hypothesis, according to which the national origin of the sending company has an influence on the employment of expatriates in foreign subsidiaries is accepted, on grounds that we could show significant relationship among the variants examined. Because of the low level of the relationship, it can be concluded that other factors also play an essential role in expatriate assignments.

As mentioned afore, interview-based research was conducted, too, for supporting and interpreting the survey results. Subjects were interviewed between 2018 and 2019. Throughout the interviews we visited managers and employees working at HR units of local daughter companies acting in Slovakia and Hungary. Altogether 9 daughter companies were interviewed, 2 of them in Hungary and 7 companies in Slovakia. Companies were contacted in two waves:

- The first period was between December 2018 and 2019 January. In this period, we visited 10 companies and 4 companies agreed to be interviewed,
- The second period was between February 2019 and March 2019. This period was more successful than the previous one, as in this period we called 8 companies and 5 of them agreed to an interview.

Throughout the visits we applied the method of semi-structured deep interviews. Answers were recorded in the 30-45 minutes discussions. Interview questions were preliminarily listed based on the survey questionnaire used in order, to receive proper answers to the main elements of the topic examined. From the point of view of the interview it was important for us to find companies, which employ foreign expatriates and inpatriates. Starting from this, at majority of questioned companies, there were employed foreign expatriates and inpatriates, but there were cases where we met neither of them. To record and analyse the interviews, Microsoft Excel was used, or in given cases #25 version of IBM SPSS Statistics Program.

In the target group of managers and HR employees three managers out of 9 companies could be interviewed, while in the other 6 cases employees from the HR unit. Regarding employment experiences, those working in leading position, had been in the given position for more than 5 years. HRM employees interviewed had been working for the given company for more than two years.

Regarding the size of the organizations, 5 had less than 250 employees, 1 employed 251 – 1000 people, and in case of 3 companies the number of employees was over 1000. The companies interviewed mainly had an industrial profile (4), they were followed by the field of financial services and trade, and there were others, like non-finances services (software development and other services in information technology). In the interviews data were gathered about the year of the foundation of the local daughter company and the mode of entering the market. From the answers it turned out that in 5 cases the companies were green field investments, while in 4 cases purchase/acquisition was made. Almost half of the companies contacted had German centre, this is followed by companies of Anglo-Saxon and Central- and Eastern European origins.
Based on the interviews, from the point of view of management culture we can claim, that all companies grouped in the German, Anglo-Saxon, Northern European management cultures, did employ foreign expatriates at their daughter companies. As mentioned above, in case of two companies there were no expatriates present at the daughter companies. In both cases the MNC was of CEE origin. This may support a hypothetical suggestion that given cultural background of multinational companies may have an impact on the employment of foreign expatriates at their foreign subsidiaries.

**Discussion and limitations to research**

The starting points of our research questions are based on the research of Hofstede (1983) and Trompenaars (1997). The goal of this study was to examine the relationship between the management culture of the multinational company and their practices in the employment of expatriates abroad. Based on the research mentioned above, we grouped the daughter companies into clusters of origin, and according to them we examined the expatriates employed in the daughter companies.

The hypothesis of our examination, according to which the national cultural belonging/origin of the sending company influences the employment of daughter company expatriates, has been proved, as in all four periods we found relationship between the national culture of the multinational company and the employment of expatriates in foreign subsidiaries. This result is connected to Hofstede’s (1983) statement, that different social cultures coincide with the employment of different management cultures.

From the strength of the relationship, we came to conclusion, that, parallel to culture, several other influencing factors have an impact on the employment of expatriates (e. g. size of organization, HQ role, management competences, etc.) Other factors influencing expatriate staffing strategies are, as noted earlier, host country characteristics, multinational company characteristics (e. g. stage of internationalization), subsidiary characteristics (e. g. size and task complexity), and the cultural distance between the headquarters and the subsidiary company. (Boyacigiller, 1990; Gong, 2003a; Stroh et al., 2005, Brisco et al., 2009, p. 172; Reiche & Harzing, 2011; Thomas & Peterson, 2018, p. 198) It is also important that host country differences that can explain variations in HRM strategies and practices in subsidiary operations are not exclusively cultural ones but include institutional differences, distances as well. (Vaiman & Brewster, 2015; Gaur et al., 2007; Ando & Endo, 2013; Meuer et al., 2019)

As for constraints of and limitations to this research, and within that regarding specifically contextual parameters it is to be noted that the four waves of data col-
lections were completed before the Covid-19 pandemic crisis. Other limitations of the research include certain constraints of the sample and resulting database. As aforementioned, the database had been prepared originally and used consecutively for a generic IHRM research of a broad thematic scope. It is to be noted, too, that for its character the sample (N=899) cannot be counted as representative and the database could not be used specifically e. g. for longitudinal examinations. Nevertheless, despite observable difficulties of international research (Reeb et al, 2012) we could include several key MNC affiliates as respondents from the five countries in our surveys.

Out of the factors underlying strategic expatriate decisions, in this paper, we targeted the examination of the effects of specifically one, national level, cultural factor. It is important though that through its results the research supports Hofstede’s suggestion about the importance of cultural factors, and reflects on a relatively new management phenomenon, the management of the mobility of key workforce in the CEE area. It is to be noted, too, that the consequences which can be drawn from the strength of relationship found between culture and employment of expatriates are in accordance with previous literature results.

Conclusion – Future implications

Summarized, in this paper the impact of national culture on the management practices of multinational companies was examined. Hofstede (1983) suggested that management methods depend on cultures. The results of our research on five CEE countries’ sample support Hofstede’s suggestion that management methods—in this case: international assignment practices—depend on cultures.

As we have mentioned before we are fully aware that the sample behind the databases of this research is not representative. Nevertheless, by knowing who the respondent organizations were, it can be stated that data were provided by several key subsidiaries in the region and, therefore the information obtained was useful for drawing certain conclusions and identifying problems for further research.

The relationship between the culture of the parent/home company and the employment of expatriates at foreign subsidiaries can be an important question of research to be completed in the future. Future research implications include surveys to be conducted by the same questionnaire, in order, to generate additional evidence on the relationship between the examined variables. For this purpose, and for including the examinations of specific effects of the pandemic crises on international assignments, too, we plan to repeat our survey in 2022. By enlarging the dataset other directions of research may include the examination of further, more specific cultural and other, related variables. Among the cultural variables are parent company cultural
characteristics, e. g. uncertainty avoidance, cultural distance between parent country and host country, and other specific national characters.

As for practical implications, this paper reflects on cultural differences behind HR employment processes and practices. Therefore, using its results may improve the cultural awareness of those participating in strategic IHRM decisions. More insight about the cultural relativity of complex organizational processes in international management may also contribute to more flexibility/a better adaptation of those involved in international assignment processes, both on the side of sending organizations, and recipient subsidiaries, and those between, assigned expatriates.

REFERENCES


