HUMAN RESOURCES MANAGEMENT IN MULTINATIONAL COMPANIES

A CENTRAL EUROPEAN PERSPECTIVE

Marzena Stor

Human Resources Management in Multinational Companies

Human resource management (HRM) has a significant impact on companies' performance, as evidenced by research conducted in multinational companies (MNCs) based in Central Europe. This book provides a unique perspective of activities conducted in the HRM field in local subsidiaries of such enterprises. It also presents results verifying many hypotheses for each of the six models for single HRM subfunctions and their four relationships with the results of company performance. Particular chapters are devoted to activities including staffing the organization, shaping employee work engagement and job satisfaction, conducting employee performance appraisal, employee development, managerial staff development, and employer branding. The author used the Partial Least Squares Structural Equation Modeling to verify the research hypotheses.

Readers will acquire knowledge about HRM practices in organizations in which the overwhelming ownership capital belongs to MNCs headquartered in Central Europe. The research findings presented confirm the positive impact that HRM activities have on the results of this type of enterprise in such areas as finance, quality, innovation, and HRM itself. The research also sheds light on the new, interesting regularities identified in this regard, e.g. the perception of human factor as a competitive factor. This book will be of interest to academics, researchers, and advanced or postgraduate students who are interested in the latest research on HRM in MNCs in the region of Central Europe.

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Preface

The main topic of this book is the impact of human resources management (HRM) on the organizational performance results in multinational companies (MNCs). At first glance, HRM seems to be an issue that has already been widely discussed in the literature (*c.f.* Wright et al., 2005; Garengo et al., 2021). However, this book is the first research monograph in the publishing market to describe HRM practices in MNCs headquartered in Central Europe. It provides a unique perspective of activities taken in the field of HRM in local subsidiaries of such enterprises.

The belief in the uniqueness of this perspective results from the author's belief that, too often, Europe is divided only into Western and Eastern Europe, ignoring the existence of Central Europe (*c.f.* Levintova & Coury, 2020). Sometimes descriptions of various phenomena appear only under the common slogan of Central and Eastern Europe. However, the true examination of specific research subjects should be based on their sense of identity. Central Europeans do not identify with Eastern Europeans. Moreover, many of them are offended when they are called Eastern Europeans (see: *Why do Eastern Europeans…*, 2018; *Why Polish people…*, 2018; *Why do so many central-east Europeans deny…, 2019*). Every definition of Central Europe is an interpretation, which we should remember (Kisielewski, 1992). Meaning comes not from the word, but from what this word represents, defines, and denotes. In the way in which a word or sign acquires content, a major role is played by the vision dominating in a given society. Words influence the concepts we construct so that we can understand and order reality (Škrabec, 2013).

Some researchers note that the sense of common identity of Central Europeans is primarily due to their willingness to cut themselves off from the past, i.e. former political and economic systems (feudal, socialistic, communistic), and historically conditioned efforts, such as struggles and wars for countries' independence and autonomy (e.g. the Soviet regime in the time of the so–called Socialist Bloc existence) (Stor, 2009; Jaklič et al., 2020; Stobiecki, 2020). For Central Europeans, Eastern Europe means mainly Russia. And Central Europe, which is the eastern border of the West, has always been particularly sensitive to the dangers of Russian

power, which with menacing determination transforms all the peoples of its empire into one Russian nation or – as we will say today, in the era of widespread mystification of the dictionary – into one Soviet nation (Kundera, 1984).

Hence, Central European identity is being interpreted with the help of such linguistic constructs as imagined history (Stobiecki, 2020) or imagined geography (Škrabec, 2013). Sometimes the word "imagined" is replaced by "imaginative." The concepts refer to the perception of space and history created through specific images, texts, symbols, and discourses. Imagined geographies and histories can be seen as a form of social constructionism that leads to the concept of imagined communities. Imagined does not mean to be false or made up, but is rather used as a synonym for perceived. Geographically, Central Europe is defined differently depending on who does it, for what needs, or according to what criteria. Some scientific publications treat Central Europe as a synonym for the Visegrad Group, which includes Poland, the Czech Republic, Slovakia, and Hungary. This understanding is also adopted in this monograph.

So far, the research on Central Europe in the field of international business has been usually undertaken in conjunction with research on Eastern Europe. There were sometimes publications devoted to the Visegrad group, but of course, they were not plentiful (Radlo & Sass, 2012). Research in this area has been developing dynamically since the fall of the Iron Curtain in 1989 (Jaklič et al., 2020); however, the outward internationalization has received increased research attention in the past several years (Musteen et al., 2010; Ipsmiller, Dikova, 2021). Against this background, the interest in international HRM has been developing for several decades. Here, too, we observe a significant intensification in recent years, and many valuable works related to this have been created. However, they do not focus on the Central European region and the MNCs that are based here. Most of the books are about the differences between countries with regard to HRM practices in home companies (Morley et al., 2009; Poór et al., 2020), some of which already refer to comparative HRM in the title (Morley, Heraty, 2021), sometimes they focus on home enterprises in each individual European country (Dickmann et al., 2016), deal with contextual factors of HRM (Parry et al., 2021), characterize HRM from international perspective in general (Brewster et al., 2016), or make textbooks for academic courses (Edwards & Rees, 2017; Dowling et al., 2017; Tarique et al., 2022).

In the above context, **the main goal of this monograph** is to show how the specific research problem concerning HRM and its relationships with organizational performance results in MNCs from Central Europe was solved and present the results. And **the main research problem** itself was to establish whether there are any identifiable regularities in MNCs headquartered in Central Europe that determine the relationships between the advancement levels of HRM subfunctions and the company's

performance results, and how in this context, the contribution of HRM to these performance results and the human factor as a company's competitive factor are evaluated. As for the HRM subfunctions selected for the study, these were: staffing the organization (STO), shaping employee work engagement & job satisfaction (SEWE&JS), employee performance appraisal (EPA), multiscope employee development (MED), managerial staff development (MSD), and employer branding (EB). In turn, the company's performance results were broken down into such types as: finance, quality, innovativeness, and HRM.

The structure of the monograph was conceived to make it possible to achieve its goal. The book is divided into nine chapters. Chapter 1 presents the results of the literature review in the field of HRM in MNCS. It starts with the explanation of the subfunctional approach to HRM, i.e. extracting in its structure of individual types of activities that are grouped according to the common themes. In the further part of the chapter, the attention is focused on the relationships between HRM and company's performance results and various theoretical and research concepts of HRM in MNCS.

Chapter 2 explains the methodical assumptions adopted in the empirical research project. It is intentionally entitled methodics and not methodology to distinguish these two concepts; this concept is explained at the beginning. This part of monograph formulates the goal of the research, its subgoals, research questions, and hypotheses. In addition, the theoretical assumptions of two general conceptual reflective-measurement models used in the empirical research are explained, i.e. for a single latent variable of HRM subfunction with a single type of company's performance results and the comprehensive model with all types of performance results. The author also discusses the methods of collecting and analyzing the research data and characterizes the structure of a research sample.

Chapters 3 to 8 present the empirical research findings in the scope of each of the six HRM subfunction selected for the study and mentioned above. The structure of each of these chapters is the same. The beginning presents the theoretical construct adopted for a particular HRM subfunction. Then the research data are analyzed and discussed from two perspectives. First, the descriptive and correlational statistics is applied with reference to the advancement level of a given HRM subfunction, its contribution level to the company's performance results, knowledge flows within the scope of this HRM subfunction between the HQs and their foreign subsidiaries, and the internal relationships between the variables describing this HRM subfunction. Next, the identification and assessment of the causal relationships between the selected HRM subfunction (an independent variable) and the selected indicative-dependent variables in the context of all types of the company's performance results are performed. Each chapter ends with a concise summary of the research findings in the scope of a given HRM subfunction. The data are presented and analyses are made in a descriptive, tabular, and graphic way.

Chapter 9 contains a research summary and final conclusions. Here, the research questions are answered, the hypotheses are verified, and the final juxtaposition of the reflective-measurement models for particular HRM subfunctions is performed. In addition, the research process is assessed in terms of the solution obtained for the main research problem, the level of achievement of the main research goal, and the four subgoals that comprise it. The author also discusses the value and contribution of the research findings to theory development and indicates the practical implications of the study outcomes. Moreover, the limitations of the conducted study are discussed and recommendations for further research are formulated.

The value of this monograph is multidimensional. First, the reader acquires the knowledge about HRM practices in organizations in which the overwhelming ownership capital belongs to MNCS headquartered in Central Europe. Second, the research findings confirm the positive impact that HRM subfunctions in some configurations may have on the performance results of this type of enterprises in such areas as finance, quality, innovation, and HRM itself. Third, the research also sheds some light on the new, interesting regularities identified in this regard. And fourth, the author used the Partial Least Squares Structural Equation Modeling (PLS-SEM) to verify the research hypotheses, which is a kind of a new trend in the empirical research on HRM.

The book is intended for academics, researchers, and advanced or postgraduate students who are interested in the latest research on HRM in MNCS in the region of Central Europe and who would like to see how PLS-SEM can be used in research practice. For them, numerous graphical elements with research data may prove useful. The author believes that although the book is written in a scientific language, it is possible to formulate practical recommendations that can support the managerial staff in answering the question of how to develop HRM practices to satisfy nationally diverse employees, and at the same time, achieve the expected results of the company's operations in various locations around the world.

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1 The Theoretical Framework for the Structure and Analysis of HRM in MNCS

1.1 Definition and subfunctions of HRM in the light of literature review

The main subject of interest in this monograph is the impact of human resources management (HRM) on the organizational performance results in MNCs. Therefore, Chapter 1 discusses the issues most relevant to the research activities undertaken in the following chapters. Thus, the selected problems discussed here constitute a conceptual outline of the adopted research assumptions, which will be discussed in detail in Chapter 2.

At the beginning, recall that the term HRM has largely taken over the concept of personnel management, which was taken over by labor management in the 1940s, which took over for welfare in the 1920s (Armstrong & Taylor, 2014:4). This evolution is due to the changing approach to the role of people in the organizations and the actions that the organizations undertake toward them (Stor, 2011; Pocztowski, 2018). For a long time now, attention has been paid to balancing the expectations of employees and organizations. In this context, HRM is understood as a set of activities concerning people and tending to achieve organizational objectives and fulfill employees' needs (Listwan, 1986:19). Recently, however, it is becoming increasingly important to take a sustainable approach to HRM (Bardoel & Grigg, 2010) and consider the perspective of a wider group of stakeholders (Brewster et al., 2016; Gupta & Sharma, 2016; Farndale et al., 2017; Farndale & Paauwe, 2018). It's based on the assumption that how human resources are managed is crucial for providing value to customers, shareholders, employees, and the community in which they are located. And the value itself includes not only profits but also employee growth and satisfaction, additional employment opportunities, stewardship of the environment, and contributions to community programs (Noe et al., 2017:224; Stor & Haromszeki 2019). In this context, the strategic perspective is also gaining more and more importance, and HRM begins to be understood as a strategic, integrated, and coherent approach to the employment, development, and well-being of the people working in organizations. The overall goal of HRM is to ensure that the organization can achieve success through

people (Armstrong, 2010:8–9; Listwan, 2010:14). At the same time, employees can be a factor of the company's competitiveness (Stor & Haromszeki, 2020d).

There are different concepts of what makes the form and content of HRM. For some authors, it is the process of acquiring, training, appraising, and compensating employees, and of attending to their labor relations, health and safety, and fairness concerns (Dessler, 2020:39). Others focus not on the process but on the activities that HRM covers in such fields as strategic HRM; human capital management; knowledge management; corporate social responsibility; organizational development; recruitment, selection, and talent management; learning and development; performance and reward management; employee relations; employee well-being; and the provision of employee services (Armstrong & Taylor, 2014:4). Still others are interested in behavioral and competencial issues and explain that HRM means formulating and executing human resource policies and practices that produce the employee competencies and behaviors the company needs to achieve its strategic goals (Dessler, 2020:52). But there are also those who prefer a functional framework in describing HRM. In their terminology, they willingly use an interchangeable term such as a personnel function or HR function. In this approach, HRM consists of activities grouped into functions. For logical consistency, these functions are called subfunctions (see: Boxall et al., 2007; Listwan, 2010; Dowling et al., 2017; Pocztowski, 2018; Stor & Haromszeki, 2020c), and they can refer, for example, to: staffing the organization, employee training, employee development, employee compensation (compensation & pay systems, benefits), employee performance appraisal, performance management, directing people, motivating employees, leading people, communicating with employees, competency management, talent management, employer branding, shaping employee engagement & job satisfaction, enhancing organizational commitment, elevating a positive workplace experience, and shaping employee well-being. In business practice, the managerial staff configure these subfunctions and make them coherent in such a way as they contribute to the company's performance and its results.

However, remember that HRM always functions in some context of the organization's internal and external environment. In the case of MNCs, international and global setting also must be considered (Latukha, 2018; Tarique et al., 2022). Thus, in HRM, as both a scientific discipline and a business practice, adopting a comprehensive approach requires the incorporation of a multidisciplinary, interdisciplinary, and cross-disciplinary perspective. It is enough to mention such disciplines as psychology, sociology, organizational behavior, cultural anthropology, international business, physiology, economics, law, communication, applied linguistics, political sciences, accounting, finance, strategic management, taxes and many others. But, of course, it all depends on what organizational level is being considered and for what type of goals. All this leads to the conclusion

that HRM plays an integrative role both in terms of broadly understood organizational management and research conducted in this area.

At the end of the discussion so far, a question arises about the definition of HRM this monograph adopts. Based on the author's earlier definition and strategic approach, in this monograph, HRM is defined as a set of configurationally tied activities that compose certain subfunctions of HRM, are oriented toward people in the organization, and are performed with the intention of transforming human resources into such human capital that when it's used in the organizational practice, it enables people to create value added in economic, managerial, and social spheres. This added value contributes to the company's competitive advantage in the long term through the realization of its goals and strategies in a skillful, effective, and efficient way (*c.f.* Stor, 2021:132).

1.2 The conceptual and empirical developments of HRM in MNCs

In the previous subchapter, the topic was the general concept of HRM. In this part of the monograph, HRM is placed in the context of an international enterprise. Therefore, it should be clarified at the outset that such an enterprise, which is also called interchangeably multinational enterprise, in this monograph is called multinational company (MNC) and is defined as an economic entity whose particular components (elements of organizational structure) are localized in more than one country (Stor, 2011:42). So it becomes obvious that HRM functions in a much more complex endogenous and exogenous environment, and both internal and external stakeholders can be much more diverse with much more diverse needs, expectations, and requirements (Thite et al., 2012; Brewster et al., 2016; Gorynia, 2021).

HRM in MNCs is one of **the three core research areas of international HRM (IHRM)**. The other two are cross-cultural HRM and comparative HRM. Each of them has a specific subject of interest, meaning:

- **cross–cultural HRM** focuses on identifying cultural differences as an explanatory variable of management practices and, as a result, conceptual theories of cultural dimensions are developed or prescriptive recommendations for effective cross-cultural management are formulated (see: Søderberg & Holden 2002, Gerhart & Fang, 2005, Qin et al., 2008, d'Iribarne, 2009, Hofstede et al., 2010, Vaiman & Brewster, 2015, Rode et al., 2016, Beugelsdijk et al., 2018; Stor, 2021),
- **comparative HRM** identifies the characteristics of HRM systems and practices in various countries or across regions to build national or regional models based on common features and detected variations (see: Brewster et al., 2000; Kamoche et al., 2003; Koen, 2005; Morley et al., 2009; Stor, 2012; Brewster & Mayrhofer, 2012; Morley & Heraty, 2021),

- **HRM in MNCs** involves studies on effectiveness and efficiency of management practices at various organizational contexts and levels, i.e. subsidiaries, regional or corporationwide, as well as on building competitive advantage, the company's performance results with connection to HRM, the relationships between local subsidiaries, and their HQs, etc. (see: Farndale et al., 2008; Harzing & Pinnington, 2015; Mayrhofer et al., 2019; Gallardo-Gallardo et al., 2020; Stor, 2021; Edwards et al., 2022; Lucio & MacKenzie, 2022; Tarique, et al., 2022).

The continuous interest in HRM in MNCs for several decades led to the appearance of the strategic IHRM (SIHRM) concept. R. Schuler explains that in a broader approach, SIHRM is about the management of human resources consistent with the strategic direction of the MNC in a dynamic, interconnected, and highly competitive global environment. And, in a more specific approach, SIHRM is about understanding, researching, applying, and revising all HR activities in their internal and external contexts since they impact the processes of managing human resources in organizations throughout the global environment to enhance the experience of multiple stakeholders. The purpose of SIHRM is to enable the MNC, regardless of size, to be successful globally. The cited author adds that SIHRM for many firms can be critical to their success, and effective SIHRM can make the difference between survival and extinction for many MNEs (Schuler, 2013). SIHRM is also defined as these decisions and actions that refer to employees, give direction for personnel operations in their long run, are oriented toward the realization of both 1) MNC's global and local objectives and 2) socially diverse employees' needs and expectations; these are of substantial long-term significance to the organization's success and its sustainable competitive advantage in a global scale. It follows that the main objective of SIHRM is to make the company gain its competitive edge and enable the organization to succeed through its human capital resources; that is, properly selected, satisfied, and engaged employees with suitable qualifications and competencies (Stor, 2014a:22).

The theoretical and research interests in HRM in MNCs also prompted various authors to propose their own conceptual model of SIHRM. It is worth mentioning here such exemplary models as: *Two step contingency model for developing effective IHRM practices* (Von Glinow & Milliman, 1990), *Four fits of SIHRM* (Milliman et al., 1991), *An integrative framework of SIHRM in MNCs* (Schuler et al., 1993), *Model of SIHRM* (Taylor & Napier, 1996), *The integrated framework of factors determining cross-national HRM practices* (Budhwar & Sparrow, 2002), *The model of global HRM* (Sparrow et al., 2003), *The generic IHRM model* (Shen, 2005), *The thematic framework on IHRM in MNCs* (Schuler & Tarique, 2007), *The model of SIHRM in TNCs* (Stor, 2011), and *A conceptual Framework for SIHRM for emerging MNCs* (Zheng, 2013). These are valuable models because they permit getting to know different perspectives on the elements composing

the SIHRM, their direct or indirect connections with the company's performance results, the accompanying processes and the structure of the contexts considered, the relations between the HQs and their foreign subsidiaries. We may not agree with all of them, but they certainly prove the complexity of the issues that HRM have deal MNCs.

Proposals for conceptual developments and observation of management practice in MNC cause various debates. One of them concerns the needs and requirements aimed at coordination and synchronization between the various activities of HRM in a dispersed organizational structure (Caligiuri & Bonache, 2016; Morris et al., 2016). Another concerns the constant dilemma HRM practitioners face. It is about making a choice between standardizing the HQ's practices or adapting its HRM to the host country's social context (Schuler et al., 1993; Björkman et al., 2004; Chung et al., 2015). Still other debates relate to the phenomena of convergence and divergence in HRM (Kaufman, 2016; Poór et al., 2020). Some argue that HRM is heading toward convergence, and its policies and practices tend to be homogeneous across countries. It is mostly because MNCs transfer standardized HRM practices across borders and technology facilitates this transfer (Rowley & Benson, 2002). Others argue, on the contrary, that organizational policies and practices are strongly influenced by boundary conditions, such as institutions, cultures, economic situations and organizational strategies, and hence, the adoption of 'best standardized practices' from other parts of the world cannot easily be undertaken (Laurent, 1986; Luo & Shenkar, 2006; Edwards et al., 2016). But there are also those who express a different opinion, assuming that it is possible to apply the 'best practices', but they must be adapted to the environment in which they are implemented (Boxall & Purcell, 2011). It means taking so-called 'ambidextrous' view to solve the convergence-divergence argument (Chan et al., 2005; Fombrun, 1986). The term cross-vergence was coined long ago in response to this debate (Ralston et al., 1993). This is a phenomenon of combining convergence and divergence through a blending of localization and global standardization that leads to the hybridization of HRM practices (Chung et al., 2014).

Against this background, from the perspective of resource-based theory (Barney, 1991), human capital theory, and business economics (Becker, 1964; Coff, 2002), issues related to the human factor and its role in building the competitive advantage of MNCs are discussed (Barney & Wright, 1998; Chung et al., 2015). The research shows that leveraging human capital in a proper way may build company's competitive advantage and positively affect the results of its operations (Lakshman, 2014; Stor & Haromszeki, 2020a; Shuck 2020). However, HRM strategies, subfunctions and activities need to be capable of covering global and local issues referring to people and their complex, multidimensional characteristics, needs, goals, preferences, expectations, etc., as well as organizational demands. Being flexible enough to capitalize on differentiated contributions made by local subsidiaries may contribute to the prosperity in integrated worldwide

operations. Thanks to this the value added appears not only at the local level. Through knowledge and skills diffusion local achievements are capitalized at parallel or higher organizational levels (Minbaeva et al., 2014).

In conclusion, it therefore can be said that the still valid, but also intriguing problems in HRM in MNCs include: the impact of HRM on company performance, human factor as a company competitive factor, centralization and decentralization practices, and the role of HRM knowledge and skills flows between the HQs and foreign subsidiaries in shaping local personnel practices. And they will be the subject of interest in the following chapters. All this is related to the resource-based theory and human capital theory, in which the main research problem of this monograph is located.

1.3 The impact of HRM on company performance

In the literature on the subject, the analysis of the relationship between HRM and various **organizational performance indicators** is usually based on one of the following **theoretical frameworks** (Terpstra & Rozell, 1993; Wright et al., 2005; Martín-Alcázar et al., 2005; Stor et al., 2017b; Farndale & Paauwe, 2018; Pattnaik & Sahoo, 2020):

- **the universalistic perspective** – based on the assumption that a linear relationship exists between certain HRM practices in an organization (i.e. independent variables) and the organization's performance results (i.e. dependent variable), and by identifying such dependencies, it is possible to build a theory about general regularities in business practice,
- **the contingency perspective** – founded on the opposite assumption, i.e. that no stable and linear relationship exists between certain HRM practices in an organization (i.e. independent variables) and the organization's performance results (i.e. dependent variable) because many situational variables, in various circumstances, may directly affect these two variables or mediate their relationships; hence, the relationships always need be study in a particular contingent situation and context,
- **the configurational perspective** – rooted in the conviction that there is certain equifinality, which means that the same business goals in various organizations can be achieved through different HRM practices, and this is because in any organization, HRM creates a dynamic and multidimensional set of diverse elements that can create an infinite number of possible patterns or configurations affecting the company's performance results,
- **the contextual perspective** – focused on the context that both conditions and is conditioned by the HRM practices integrated in and with the environment in which they are developed; so, it means the HRM practices should be explained both through their contributions to company's performance results and through their effects on the internal and external business environment.

The researchers apply a vast array of various measures within each of the above research approaches. So far, we can identify **four general categories of company's performance results** which they tried to correlate with HRM practices, i.e.:

- **financial results** – e.g. profits, sales, market share, financial liquidity, company's goodwill, share price, firm value (see: Arthur 1994; MacDuffie, 1995; Huselid, 1995; Becker & Grehart, 1996; Delery & Doty, 1996; Richey & Wally, 1998; Pfeffer & Veiga, 1999; Beatty et al., 2003; Combs et al., 2006),
- **organizational results** – e.g. productivity, quality of products/services, efficiency, innovativeness, competitive advantage (see: Arthur, 1994; Huselid, 1995; MacDuffie, 1995; Becker & Gerhart, 1996; Huselid et al., 1997; Pfeffer & Veiga 1999; Birdi et al., 2008; Ferguson & Reio, 2010; Sparrow et al., 2016; Paawe & Ferndale, 2017:87; Easa & Orra, 2021; Stor & Haromszeki, 2021a; Stor & Haromszeki, 2021b),
- **managerial results** – e.g. research on interrelations and levels of coherence between business strategies and particular subfunctions of HRM with company's performance results (see: Beer et al., 1984; Schuler & Jackson, 1987; Wright & Snell, 1991, 1995; Guest, 1997; Chanda & Shen, 2009; Guest, 2011; Bello-Pintado, 2015; Dastmalchian et al., 2020; Kim 2020; Jashari & Kutllovci, 2020),
- **behavioral results** – e.g. employee attitudes, employee engagement and satisfaction, employee and/ or managerial interpersonal relations, employee competency development, leadership behavior, relations with customers, teams work effectiveness (see: Harter et al., 2002; Chan et al., 2005; Čanković, 2015; Wojtczuk-Turek, 2015; Bakotić, 2016; Gupta & Sharma, 2016; Antoni et al., 2017; Moon & Choi, 2017; Ali et al., 2019; Hooi, 2019; Stor & Haromszeki, 2020b).

During the last decades, a lot of studies have confirmed the existence of causal relationships between HRM practices and organizational performance (Garengo et al., 2021). Some researchers considered the general HRM function's effect on the company performance results, while others focused only on the selected HRM subfunctions (Guest et al., 2003). Examples will be indicated in the next chapter. However, here it is worth paying attention to the method of data collection due to the period to which they relate. In the literature of the subject, four such practices, called **research designs**, are mentioned; they are assessed with regard to what is actually being studied (Wright et al., 2005):

- **postpredictive** – performance is measured prior to HRM practices being measured, which means that the respondents are asked for their firm's current HR practices but measure their past performance (i.e. performance up until the point of the response), and this results in

actually predicting past performance and presents a logical inconsistency for arguing that HRM practices cause performance;

- **retrospective** – the respondents are asked to recall HRM practices that existed prior to the performance period, but the informant fallibility may cause a problem: key informants may not be able to accurately recall sets of HRM practices used in years past and inaccurate recall can result from inappropriate rationalizations, oversimplifications, faulty post hoc attributions, and simple lapses of memory;
- **contemporaneous** – HRM practices and the company's outcome are measured at the same time, e.g. gathering data during 2022 and then using the year-end 2022 performance measures, but it may be difficult to draw from causal conclusions using this method because the year-end data includes performance from months prior to and concurrent with the HRM practice measure;
- **predictive** – explores if HRM practices assessed at one point in time were related to subsequent firm performance, i.e. assessing if HRM practices at time 0 are related to an outcome measure at a subsequent time; so, this allows for stronger conclusions about the causal relationship between variables, and such research design is considered to be the only true "predictive" design.

As for the empirical research, which will be discussed in this monograph, the adopted conceptual and methodical solutions go across the approaches presented above. First, it has something in common with each of the theoretical frameworks. Within the universalistic perspective, a causal relationship between certain HRM subfunctions (i.e. independent variables) and the organization's performance results (i.e. dependent variable) are assumed, and research focuses on identifying some regularities in this scope in the practice of MNCs. Within the contingency perspective, it is assumed that the advancement level of HRM (i.e., dependent variable) in a local subsidiary may be shaped by the relationships between this subsidiary and its HQ through the applied centralization or decentralization practices and the preferred directions of the knowledge and skills flows between them (i.e. independent variables). Within the configurational perspective, while in the literature it is generally assumed that the configurational perspective applies to the entire organization and the entire HRM function; here it is assumed that it can also be considered in terms of single HRM subfunctions and individual types of organizational performance results. This can be described as a transition from macro to micro level. And with the contextual perspective, several important contextual variables are considered: the MNCs under study are headquartered in a Central European country (Poland, with its specific political and economic past resulting from its belonging to the so-called Soviet Block); they are with a dominant share of Polish capital, they possess the local subsidiaries abroad, and the researcher comes from Poland and applies a Central European lens in the research

process (e.g. in the interpretation of the observed phenomena). Second, with regard to the categories of company's performance results, only two out of four are of research interest, i.e., financial and organizational. And third, as far as a research design is concerned, strictly speaking, none of those presented here in its pure form is used. Instead, a comprehensive time-range-bounded and resultative approach is taken. This is because the respondents are asked to answer the survey questions in the context of the last three years. The intention here is to make them think about some cause-effect relationships of the studied variables, not to consider them separately in a kind of business vacuum.

1.4 Human factor as a company competitive factor

As said at the end of Subchapter 1.2., despite many years of research, the human factor as a company competitive factor is still the current and in-triguing research issue. Its modern concept is derived from the theory of the resource-based theory and human capital theory; hence, it is often called the human capital resource, combining both theories.

  Scientific thought about the importance of the human capital resources has a long tradition. Beginning with Adam Smith (Smith, 1776) identifying the "acquired and useful abilities" of individuals as a source of "income or profit," there is a widespread belief that individuals possess a stock of skills, knowl-edge, abilities, capabilities, competencies, experience or even health that can be used for organization. Based on this fundamental insight, scholars working in various scientific disciplines, ranging from psychology (Spearman, 1927) to economics (Becker, 1964) have developed the construct of human capital. In management research, it is analyzed both as an individual-level phenomenon and firm-level phenomenon (Penrose, 1959; Barney, 1986; Wiklund & Shepherd, 2003) that can be leveraged to achieve sustainable competitive advantage (Grant, 1991; Barney, 1991; Mahoney & Pandian, 1992; Wright et al., 1994) but with understanding that the context, like specific nature of a company, needs to be considered (Coff, 2002). Taken together, the research suggests that human capital is a particular class of resource that can be a significant driver of company performance. Moreover, the firm's relative competency in managing its resources should likewise be a driver of com-petitive advantage (Boudreau & Ramstad, 2005; Ployhart, Moliterno, 2011; Stor et al., 2017b). For this reason, employee and managerial human capital resources are often considered separately (Ling & Jaw, 2006; Raziq, et al., 2020; Whetten & Cameron, 2020). In addition to the features that are common to both categories of capital, managers are additionally responsible for acquiring, developing, and retaining employee capital in the organization and for creating conditions in which this capital can make a competitive factor of the organization (Lakshman, 2014). But it also means that the ability and capacity to achieve such goals by the managerial staff determines its treatment as a company's specific competitive factor as well (Stor, 2014b).

In their business practice, companies may use different competitive factors for mentioning price for each sale, profit margin, quality of design or manufacturing, features and quality of service, technology, reputation and human resources on which everything is built upon. The analysis of the literature suggests that human resources are of the fundamental importance to business success and its ability to gain competitive advantage, whether this means competitiveness in global markets or delivering a better public service (Winterton & Winterton, 1999). It is because the realization of business strategies and attainment of intended organizational results depend, of course among other things, on the human resources that a company possesses and which can be perceived as a competitive factor of a company.

In their business practice, companies may use a variety of competitive factors such as the price of each sale, profit margin, quality of design or manufacturing, quality of service, technology used for various purposes, reputation and, most importantly, employees and managerial staff on which everything is built upon (Stor et al., 2017a). Literature analysis shows that employees and managerial staff, who are the owners of their individual and aggregated human capital resources, are fundamental to business success and its ability to gain a competitive advantage. It is because the implementation of business strategies, the realization of company's goals and the achievement of the intended organizational results depend, of course inter alia, predominantly on them. From this perspective, the MNCs can win with the competition thanks to the appropriate HRM practices that determine the quality of human capital resources.

1.5 Centralization and decentralization practices in MNCs

One of the best-documented problems MNCs face is the tensions caused by the degrees of centralization and decentralization of decision-making that arise from managing workers in many geographical locations (Sparrow et al., 2003; Dowling, 2009). In practice, this concerns the extent to which a foreign subsidiary is granted autonomy and to what extent it can take decisions independent of the HQ and act according to its own discretion.

The centralization practiced by the HQ may result from various causes and be characterized by different levels of intensity. Generally, a certain level of centralization may serve to coordinate the functions and tasks delegated from the HQ to local subsidiaries (Alfoldi et al., 2012), ensure and strengthen the flows of knowledge (Fenton-O'Creevy et al., 2008), and secure controlling mechanisms over them (Maatman & Meijerink, 2017). The degree of centralization may also result from the degree to which HQ depends on the subsidiary in some area (Edwards et al., 2022).

Both centralization and decentralization can have positive and negative sides. Centralization has potential disadvantages as it can lead to inertia, the stifling of creativity, reluctance to take initiative or monitor threats, lower

the level of work engagement and organizational commitment, lack of self-responsibility and the reinforcement of structural inequalities in the distribution of power (e.g., Vermeulen & Barkema, 2001; Mudambi & Navarra, 2004; Ambos, 2020). Some researchers, however, see a positive in centralizing. For instance, when decisions on performance appraisal, training and development, promotion or compensation are made centrally rather than locally, subsidiaries are not separate entities within the MNC's structure and this, from the employees' perspective, may mean better career opportunities in the whole MNCs (Newburry, 2001). Scholars also argue that centralizing payroll practices and managing a central talent pool at MNC provide local managers with more opportunities for international mobility (Reiche, 2006; Festing et al., 2012). Some other research evidence suggests a positive relationship between centralization and subsidiary inflows of tacit knowledge (Gupta & Govindarajan, 2000; Reiche et al., 2015). As for the decentralization, the research findings show that subsidiary HRM autonomy is associated with improved subsidiary performance, and this autonomy appears to be more beneficial in cases of larger cultural and institutional differences between the HQs and host countries as the leverage to make autonomous decisions locally can be more powerful in dissimilar environments. This leverage allows decision makers to implement policies and practices that are appropriate and suited to the local support environment (Lazarova, et al., 2017).

However, research also shows that even if HRM practices are developed by the HQ, and this HQ considers them as centralized, they can still be characterized by large variations at the local level and significantly differ from the recommendations in the corporate policy (Wise, 2005; Bardoel, 2016). This is due to the fact that such programs are implemented by local management, who may change them informally and unofficially due to their own views and discretionary practices (Ryan & Kossek, 2008; McCarthy et al., 2010). This often leads to play-offs or interplay between centralization and autonomy within the relation between the HQ and local subsidiary (Young & Tavares, 2004).

Some other authors argue that the headquarters-subsidiary relationship in each context is a differentiated combination of centralization (Nohria & Ghoshal, 1994: Johnston, 2005; Ambos et al., 2020). Of course, the context is shaped by various variables or factors, but it is worth referring to, for example, the dimensions of culture. In one of the recent studies carried out at MNCs, in which G. Hofstede's model of cultural dimensions was used (Hofstede et al., 2010), some interesting regularities were identified. Well, it turns out that when a local subsidiary, as compared to its HQ, is located in a country with lower power distance, higher individualism, higher masculinity, lower uncertainty avoidance, longer time orientation, and higher indulgence – less centralization is exercised over the local HRM practices by the HQ. At the same time, when the opposite levels of cultural dimensions are analyzed, the results show reverse regularities. It means, that

when a local subsidiary, as compared to its HQ, is located in a country with higher power distance, lower individualism, lower masculinity, higher uncertainty avoidance, shorter time orientation, and lower indulgence, then more centralization over the local HRM practices by the HQ is observed (Stor, 2021).

1.6 The role of HRM knowledge and skills flows in MNCs

The knowledge-based view of the company treats knowledge as the company's most strategically important asset and emphasizes the significance of the company's ability to integrate knowledge. This is particularly relevant to MNCs, where the ability to generate and transfer knowledge within an organization has been defined as one of the main competitive advantages available to such firms, and it provides evidence that knowledge transfers can leverage the intraorganizational knowledge that enables MNCs to take advantage of global access to information, science and creativity to maintain a competitive advantage that increases the efficiency of foreign operations and subsidiaries' performance results (Fan et al., 2021). This means that the competitive advantage of MNCs lies in their ability to exploit locally generated knowledge around the world and in their capability to transfer knowledge within organizational networks characterized by separation through time, space, culture, language, and many other variables constituting the context in which they operate (Kogut & Zander, 1993; Birkinshaw et al., 1998; Reiche et al., 2015).

In MNCs, this issue often involves the considerations of the direction of knowledge flows, whether it is from the HQ of a MNC to its local subsidiary, in the opposite direction or in both (see e.g. Lindsay et al., 2003; Slangen, 2011). The research proves that the direction and magnitude of knowledge flows in MNCs, in many cases, is influenced by the internal mechanisms connected with the subsidiaries' roles (Qin's et al., 2008), and in addition, when a subsidiary has more advanced knowledge resources than other entities in the MNC, knowledge is likely to be transferred from that subsidiary to other parts of the MNC and of course the HQ (Ghoshal & Nohria, 1993; Björkman et al., 2004; Wang et al., 2004). Furthermore, it turns out that the higher the level of internationalization and geographic dispersion, the greater the control of the result of the subsidiaries' performance, and the less focus on the performance itself, which translates into generally more important flows form the local subsidiary to the HQ, often of a reporting nature, than in the opposite direction and of a recommendation nature (Sageder & Feldbauer-Durstmüller, 2019).

As regards HRM scholars, generally, they were interested in their research in the transfer of knowledge and skills within HRM and related learning processes (Tsang, 1999). Some focused on the overall HRM function and its positive relationships with such flows (Poór et al., 2018),

while others were interested in the knowledge and skills flows within the particular HRM subfunctions. The results of the empirical data analysis indicated that there are positive correlations between the degree of knowledge transfer and such HRM subfunctions as: staffing, training, promotion, compensation and appraisal (Minbaeva, 2005). In this this context the researchers were interested not only in the mutual flows of knowledge between the HQ and local subsidiary but they also considered the performance effects of vertical and horizontal subsidiary knowledge outflows (Fernandes et al., 2014), multilevel constructs of knowledge sharing (Minbaeva et al., 2014), the importance of knowledge transfer in HRM due to the achieved organizational results (Poór et al., 2018), as well as the standardization practices across countries (Edwards et al., 2016).

As was the case with the centralization discussed in the previous Subchapter, also here the researchers emphasize the importance of the context and many different variables that constitute it (Kogut & Zander, 1993; Jensen & Szulanski, 2004), as well as situation factors that may affect knowledge sharing in MNCs (Fenton-O'Creevy et al., 2008). Perhaps the most attention is paid to culture and cultural distance (Bresman et al., 1999; Holden, 2001; Bhagat et al., 2002; Li & Scullion, 2006), which, as the research shows, are related to knowledge transfer in MNCs (Javidan et al., 2005). This is because knowledge is created by individuals and embedded in a specific cognitive-behavioral context, and then transferred from its holders to audiences by conveying their cultural sets of values and frames of reference (Bhagat et al., 2002; Hofstede et al., 2010). It follows that knowledge is context-dependent and relational (Nonaka & Takeuchi, 1995). It resides not only in the codes and procedures that guide organizational activities, but also in and between the individual people within the company (Nonaka & Takeuchi, 1995).

It is worth referring here to the previously cited studies in which the relationship between centralization and the dimensions of culture was established. This time it turns out that when a local subsidiary, as compared to its HQ, is located in a country with lower power distance, higher individualism, higher masculinity, lower uncertainty avoidance, longer time orientation, and higher indulgence – the knowledge and skills transfer within HRM from the foreign subsidiary to the HQ is more important with comparison to the situation in which the opposite levels of cultural dimensions appear. It happens when a local subsidiary, as compared to its HQ, is located in a country with higher power distance, lower individualism, lower masculinity, higher uncertainty avoidance, shorter time orientation, and lower indulgence – then the knowledge and skills transfer within HRM from the foreign subsidiary to the HQ is less important (Stor, 2021).

All in all, the knowledge and skills flows within the MNC networks are difficult due to various contextual variables, apart from certain legal regulations or others, the most important of which seems to be national

culture. It becomes an important issue when knowledge is treated as a source of a company's competitive advantage (Barney, 2001).

1.7 A concise summary of literature review on HRM in MNCs

The main subject of interest in this monograph is the impact of human resources management (HRM) on organizational performance results in MNCs. Chapter 1 discusses those issues that are most relevant to the research activities undertaken in the subsequent chapters. Thus, the selected problems discussed here constitute a conceptual framework of the adopted research assumptions, which will be discussed in detail in Chapter 2.

At the beginning, it is worth emphasizing that HRM is of interdisciplinary and multidisciplinary character, and for this reason, it plays an integrative role both within the various streams of scientific disciple of management and in managerial practice in organizations. HRM is defined in many ways. There is no single universally valid definition. In this monograph, HRM is defined as a set of configurationally tied activities that compose certain subfunctions of HRM oriented toward people in the organization and performed with the intention of transforming human resources into such human capital that when it's used in the organizational practice, it enables people to create value added in an economic, managerial, and social sphere, thereby contributing to the company's competitive advantage in the long term through the realization of its goals and strategies in a skillful, effective, and efficient way.

HRM in MNCs makes one of the three core research areas of international HRM (IHRM). The other two are cross-cultural HRM and comparative HRM. As for a MNC, it is defined as an economic entity whose particular components (elements of organizational structure) are localized in more than one country. The continuous interest in HRM in MNCs for several decades led to the appearance of the strategic IHRM (SIHRM) concept. In this monograph, it is understood as these decisions and actions, which refer to employees, give direction for personnel operations in their long run, are oriented toward the realization of both 1) MNC's global and local objectives and 2) its socially diverse employees' needs and expectations, and are of substantial long-term significance to the organization's success and its sustainable competitive advantage in a global scale. It follows that the main objective of SIHRM is to make the company gain its competitive edge and enable the organization to succeed through its human capital resources, that is – properly selected, satisfied and engaged employees with suitable qualifications and competencies.

A literature review leads to the conclusion that researchers have so far dealt with a myriad of different issues in the scope of HRM in MNCs. However, still valid and intriguing issues include: the impact of HRM on company performance, human factor as a company competitive factor, centralization and decentralization practices, and the role of HRM

knowledge and skills flows between the HQs and foreign subsidiaries in shaping local personnel practices. And they will be the subject of interest in the following chapters. All this is related to the resource-based theory and human capital theory, in which the main research problem of this monograph is located.

In the literature on the subject, the analysis of the relationship between HRM and various organizational performance indicators is usually based on one of the following theoretical frameworks: universalistic, contingency, configurational, and contextual. Simultaneously, scholars refer to one of the following categories of company's performance results to correlate them with HRM practices, i.e.: financial, organizational, managerial, and behavioral. Additionally, they arrange their research according to one of the following research designs: postpredictive, retrospective, contemporaneous, and predictive. As for the empirical research in this monograph, the adopted conceptual and methodical solutions go across the approaches presented above.

First, it has something in common with each of the theoretical frameworks. Within the universalistic perspective, a causal relationship between certain HRM subfunctions (i.e. independent variables) and the organization's performance results (i.e. dependent variable) are assumed and research focuses on identifying some regularities in this scope in the practice of MNCs. Within the contingency perspective, it is assumed that the advancement level of HRM (i.e. dependent variable) in a local subsidiary may be shaped by the relationships between this subsidiary and its HQ through the applied centralization or decentralization practices and the preferred directions of the knowledge and skills flows between them (i.e., independent variables). Within the configurational perspective, the assumption is that such an approach can be applied with regard to single HRM subfunctions and individual types of organizational performance results. This can be described as a transition from macro to micro level. And with the contextual perspective, several important contextual variables are considered: the MNCs under study are headquartered in a Central European country (Poland, with its specific political and economic past resulting from its belonginess to the so-called Soviet Block), they are with a dominant share of Polish capital, they possess the local subsidiaries abroad, and the researcher comes from Poland and applies a Central European lens in the research process (e.g. in the interpretation of the observed phenomena).

Second, with regard to the categories of company's performance results, only two out of four are of research interest, i.e. financial and organizational. And third, as far as a research design is concerned, strictly speaking, none of those presented here in its pure form is used. Instead, a comprehensive time-range-bounded and resultative approach is taken. This is because, as explained in the next chapter, the respondents are asked to answer the survey questions in the context of the last three years. The intention here is to make them think about some cause-effects relationships of the studied variables, not to consider them separately in a kind of business vacuum.

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2 The Methodics of the Conducted Empirical Research

2.1 The research problem, goals and questions

At the beginning of this subchapter, the concept of methodics used in its title should be explained. To do this, it is necessary to distinguish between methodology and methodics. Namely, in most cases in which methodology as a word is used in journals written in English, in Poland, where the author of the monograph comes from, the proper word would be methodics (Stor, 2021:129–130). In short, in Poland, methodology is a scientific discipline that comprises the study and analysis of scientific research methods, modes of analyses, and evaluation of their cognitive value with connection to the principles associated with a branch of knowledge (e.g. within particular scientific disciplines). Methodics has much narrower meaning and refers to the set of means and activities undertaken to realize a concrete task or solve a particular problem (e.g. research conducted in a single project or presented in an article) (Stor, 2022). Well, it is why in this monograph the word methodics is used. It refers to a particular research project and, hence, covers such elements as the research problem, goals, questions, models, method, measures, types of data analyses, and sample.

Regarding the methodics adopted in this monograph, **the main research problem** was to establish whether any identifiable regularities in MNCs headquartered in Central Europe determine the relationships between the advancement levels of HRM subfunctions and the company's performance results, and how in this context the contribution of HRM to these performance results and the human factor as a company's competitive factor are evaluated. Hence, **the main goal of the empirical research** was to identify, analyze, diagnose, and predict the relationships between the selected variables describing MNCs and the selected variables describing the effects of the advancement levels of HRM subfunctions on the evaluation of their contributive roles in the company's performance results, the factual company's performance results themselves, and the human factor as a competitive factor. This main goal was disaggregated into **four basic subgoals**:

1   **The first subgoal** was to select the variables describing MNCs, which are important due to the main research problem, and to establish their relationships with the variables describing the effects of the HRM subfunctions.

2   **The second subgoal** was to build one common reflective measurement model for each of the latent variable subfunctions of HRM and to identify and assess the causal relationships between each single HRM subfunction (an independent variable) and the selected indicative dependent variables in the context of one type of the company's performance results.

3   **The third subgoal** was to construct one common comprehensive reflective measurement model for each of the latent variable subfunctions of HRM and to identify and assess the causal relationships between each single HRM subfunction (an independent variable) and the selected indicative dependent variables in the context of all types of the company's performance results.

4   **The fourth subgoal** was to compare the explanatory capability and in-sample predictive power of all reflective measurement models embedded in the two general conceptual models mentioned above, i.e. with one type of company's performance results and with all types simultaneously.

Referring to the first subgoal, the literature review led to the conclusion that due to the main research problem, **the most important variables characterizing MNC include**:

1   the type of company's business activity,
2   the company's size measured by the number of employees,
3   the period of company's operation on the market,
4   the type of FDI investment (This variable was excluded from further considerations because the research sample did not include enough companies from the category of brownfield investment.),
5   the ownership share of the HQ in its foreign subsidiary,
6   the internationalization index (II),
7   the geographical spread index (GSI),
8   the number of total and foreign entities,
9   the number of host countries.

The type of business activity the enterprise performs is an important factor shaping the HRM practice, which is obviously a feature of any organization, not only international organizations (Murph & Williams, 2010). One can mention here, for example, the differences between organizational processes in the service and production sectors, formal and legal requirements in medical and transportation services, working environment in mining and IT industry, the nature of work in production and educational services, and

many others (Boxall, 2003; Murphy & Williams, 2010; Haromszeki, 2014; Dessler 2020; Tanova & Bayighomog, 2022). When considering the size of the enterprise, which also does not apply only to MNCs, the most significant differences are visible in the smaller number of less complex and less diverse and less formalized activities in the area of HRM in small companies compared to large ones (Kroon & Paauwe, 2021; Atkinson et al., 2022).

As for the type of foreign direct investment (FDI) made by companies to start their overseas operations, it is one of the key factors determining the activities implemented in the foreign subsidiary (Mead, 2005:314; Deresky, 2006:241; Tarique et al., 2022:44). FDI usually covers two types of investment flows, i.e. brownfield and greenfield. The first involves the purchase of shares in a foreign enterprise sufficient to take control of this entity (e.g. in the process of privatization, merger or acquisition). The second one means a new venture in a foreign country where new operational facilities are built from scratch (manufacturing, office, or other physical structure or group of structures related to the company). These two investment projects require different HRM activities. The foreign direct investor can choose from three options: transfer HRM policies and practices from headquarters, or simply adopt policies and practices that are common in a new country, or possibly a combination of the two. Each of them has pros and cons widely discussed in literature (see e.g.: Bartlett & Ghoshal, 2004a; Mead, 2005; Deresky, 2006; Brewster, 2007; Harzing & Pinnington, 2015; Poór et al., 2015; Koster, Wittek, 2016; Poór et al., 2017; Tarique et al., 2022). In the above context, the period of the company's operation on the market may be important for at least two reasons. First, it can determine whether certain HRM practices are well established or under development. Second, as the research on the variations of corporate influence on the HRM local practices suggests, HQ's influence is greater at the start-up stage and decreases as the subsidiary matures (Kynighou, 2014). However, as mentioned before, this variable was excluded from further considerations and statistical analyses because the research sample did not include enough companies from the category of brownfield investment.

Regardless of the type of FDI, the MNC may be the sole owner of a local subsidiary or share its ownership with some other business entities, which determines decision-making in management. The related research proves that the HQ, as the majority or sole stockholder in the subsidiary, can vote to appoint or dismiss the subsidiary's board members, decide whom to promote and develop for managerial position (Rosenzweig & Nohria, 1994), how much autonomy is granted to the local subsidiary (Taggart & Hood, 1999), where the organizational and human capital capabilities are developed (Bartlett & Ghoshal, 2004a), where the competitive resources, including human resources, are located (Koster & Wittek, 2016) and where, by whom, and what type of strategic decisions within HRM are taken (Brewster, 2007; Poór et al., 2015). The research findings also suggest that the bigger the percentage of shares or assets of a subsidiary is under control of a parent company, the less subsidiary's autonomy in

HRM policies and practices (Bedő & Ács, 2007; Ferner et al., 2011; Poór et al. 2017). Moreover, the greater the dependence of a subsidiary on its HQ for resources or critical capabilities, the tighter the HQ's control on the subsidiary (Chen et al., 2012; Ahlvik & Björkman, 2015); thus, the more likely it is that HRM practices are transferred from the HQ to a subsidiary because this facilitates the HQ's control (Martinez & Ricks, 1989; Hiltrop, 1993; Gorynia et al., 2007; Myloni et al., 2007). All this means that the ownership structure can be reflected in the decisions about how the subsidiary operates, how it is controlled, which HRM policies are made locally and which at the HQ.

Regarding the *internationalization index* (II) mentioned above as one of the characteristics describing MNCs, the literature provides various measures. However, the frequently used index in the worldwide comparative statistics is the one developed by the United Nations (Yanadori, 2015:197). It is calculated (See Subchapter 2.3.) as the number of foreign entities divided by the number of all entities (United Nations Conference …, 1998). Thus, a company is considered highly internationalized if the ratio of its foreign to domestic entities is very high, independently of whether those foreign activities take place in one foreign country or many of them (Stor & Haromszeki, 2019:93). The biggest MNCs has 2,877 entities in total and 1768 foreign entities and its II index amounts to approximately 69 (*World Investment Report,* 2022). Growth through internationalization means that a company operates in more countries and within a more culturally-diverse environment (Rhyne & den Panhuyzen, 2002; Tarique et al., 2022). This diversity usually augments the complexity of legal, political, economic, social, cultural, and institution arrangements in which managers function and make decisions (Francesco & Gold, 2005; Dowling et al., 2017; Jago, 2017). It suggests that the perspective on HRM policies and practices can change along with the internationalization level of MNC. As firms increase their levels of international activity, their organizational structures and IHRM responsibilities become increasingly complex as well (Farndale et al., 2014; Tarique et al., 2022). The empirical research conducted on the processes of internationalization of companies allows for the identification of some interesting phenomena. Namely, it turns out that the importance of overseas activity in building the MNC's competitive advantage increases as its internationalization increases. At the same time, the higher the level of internationalization of the MNC, the more important the skills and knowledge of its employees are (Karaszewski, 2013; Szałucka, 2013:124–125). The HRM research also proved that the higher the MNC's internationalization index, the less focus on input and greater on output (Koen, 2005:420–427). This focus may mean that the growing number of foreign subsidiaries goes in line with less interest in daily practices of providing a contribution (e.g. creating values) and greater interest in results, such as local adaptability. From the HQ perspective, when the contribution is significant, more activities may be required for HRM practices.

Another index used to describe MNCs is *geographical spread index* (GSI). It is the most common measure of geographical dispersion of MNCs, which, like the index of internationalization presented above, was developed for the purposes of international comparative statistics by the UNCTAD (*c.f.* Ietto-Gillies, 2022). It is calculated (See Subchapter 2.3.) as the square root of the *internationalization index* multiplied by the number of host countries (World Investment Report 2008, 2008:220–222). The indicator assesses the overall spread of activities in terms of the number of countries in which the MNCs have direct linkages, i.e. their subsidiaries. A company is therefore assessed as having a high degree of GSI if it operates in many foreign countries. Thus, at the basis of this indicator is an attempt to measure the overall geographical spread of MNCs subsidiaries according to the number of countries in which they are established, meaning host countries (Stor & Haromszeki, 2019:94). The biggest MNCs operate in about 140 countries (*World Investment Report,* 2022). The use of the most effective HRM practices by MNCs in a geographically dispersed operational network to achieve and maintain competitiveness has become an obvious necessity for modern businesses. However, as with the *internationalization index*, the increase in GSI means that the MNCs operate in very diverse local countries' environments, which makes HRM from the HQ's perspective more complex (Wills, 1996; Luthans et al., 1998; Francesco & Gold, 2005; Tarique et al., 2022). It is also a big challenge for the managerial staff and global leaders (Bartlett & Ghoshal, 2004b; Reynaud et al., 2007; Darwish & Singh, 2013; Horak, 2022). Special attention is given to the transfer and dissemination of HRM practices within the geographically dispersed operations of MNCs, in particular, since these practices are considered to significantly affect the performance and competitiveness of MNCs and their subsidiaries (Harzing & Pinnington, 2015; Chiang et al., 2017). As for the research in this area, the research findings reached similar conclusions as in the case of the *internationalization index*, i.e. that the higher an MNC's level of geographical spread, the more important its employees' skills and knowledge (Karaszewski, 2013; Szałucka, 2013:124–125) and the less focus on HRM contribution but more on HRM results (Koen, 2005:420–427).

Referring again to the first subgoal of the empirical research, the literature review concluded that due to the main research problem, it can be assumed that **the most appropriate variables describing the effects of the HRM subfunctions are**:

1   the advancement level of HRM subfunction,
2   the company's performance results,
3   the contribution level of HRM subfunction to the company's performance results,
4   the human factor as a company's competitive factor in two of its categories, i.e. knowledge & skills of employees (HF-employees) and managerial competencies (HF-managers),

5   the centralization level of HRM subfunction,
6   the knowledge & skills flows in two of its direction, i.e. from the HQ
      to the local subsidiary and form the local subsidiary to the HQ.

Based on the discussion from Chapter 1, it can be said that the relationships
between HRM and company performance and its results have long enjoyed
unflagging interest among researchers. This interest is evidenced by various
bibliometric reviews of the literature (see: Garengo et al., 2021). During the
last four decades, a lot of studies have confirmed the existence of causal
relationships between HRM practices and organizational performance.
Some researchers considered the general HRM function's effect on the
company performance results (Guest et al., 2003; Wright et al., 2005; Boon
et al., 2019; Veth, et al., 2019), while others focused only on the selected
HRM subfunctions, such as staffing (Terpstra & Rozell, 1993; Kim &
Ployhart, 2014; Čanković, 2015; Knappert et al., 2021), compensation sys-
tems (Brown et al., 2003; Pattnaik & Sahoo, 2020), competency management
(Ali et al., 2019; Stor & Haromszeki, 2021a), employee performance ap-
praisals (e.g. DeNisi et al., 2017; Houldsworth et al., 2021), shaping employee
engagement (Harter, 2002; Gupta & Sharma, 2016; Shuck, 2020; Stor &
Haromszeki, 2020b), motivating systems (Bakotić, 2016; Antoni et al., 2017),
shaping employee experiences (Saini & Jawahar, 2021), development of
leadership relations (Stor & Haromszeki, 2019; Sarabi et al., 2020), man-
agerial staff development (Hooi, 2019), career management (Selmer, 2002;
Moon & Choi, 2017; Ali et al., 2019; Kim, 2020), employee development
(e.g. Jacobs & Washington, 2003; Kim & Ployhart, 2014; Jangbahadur &
Sharma, 2018; Garavan et al., 2021), and talent management (Collings &
Mellahi, 2009; Shet, et al., 2019; Stor & Haromszeki, 2021b; Kravariti et al.,
2022). All these studies lead to the conclusion that the appropriately selected
HRM activities to the conditions and needs of the organization and
employees can positively impact the company's performance and outcomes.
This affect may mean that the advancement level of particular HRM sub-
functions may directly affect the company's performance results and, in turn,
these results may determine the evaluation of the contribution level of HRM
to these results.

   In addition, the relationships between the overall HRM as well as its
various subfunctions and the assessment of the human factor (HF) as a
competitive factor were also sought. In this stream of research, strongly
rooted in the resource-based theory, the basic assumption is that human
resources can be treated as a competitive factor, and their quality determines
the company's performance results and success (Barney, 1991; Dyer, 1993;
Wright et al., 1993; Ingham, 2007; Delery & Roumpi, 2017, Stor &
Haromszeki, 2020a). Therefore, appropriate activities taken in the area of
HRM can improve the quality of the human factor, and thus contribute to
the organization's performance. Hence, both the organization's perfor-
mance and human factor may reflect the advancement level of HRM.

However, it is justified to consider this factor in two categories, i.e. employees and managers. As already explained in Chapter 1, it is because the managerial competencies differ from the competencies of other employees in a significant way (Ling & Jaw, 2006; Raziq et al., 2020; Whetten & Cameron, 2020). For this reason, the knowledge & skills of employees (HF-employees) and managerial competencies (HF-managers) can be considered separately for research purposes.

In the case of research in MNCs, centralization of decisions at the HQ's level and the flows of knowledge between the HQ and local subsidiaries (LSs) were also considered. The research work focused, for example, on a general interplay between centralization and autonomy within management research and practice (Young & Tavares, 2004), coordination of functions delegated from the HQ to local subsidiaries (Alfoldi et al., 2012), positive and negative impacts of centralization of HRM on knowledge sharing, depending on situational factors (Fenton-O'Creevy et al., 2008), interdependencies in production across borders that are positively associated with centralization modes (Edwards et al., 2022) or controlling mechanism being applied by the HQ (Maatman & Meijerink, 2017). Against this background, the researchers were also interested in HRM knowledge transfer and learning aspects of this process (Tsang, 1999), including the knowledge transfer in the scope of particular HRM subfunctions (Minbaeva, 2005), multilevel constructs of knowledge sharing (Minbaeva et al., 2014), the performance effects of vertical and horizontal subsidiary knowledge outflows (Fernandes et al., 2014), the importance of knowledge transfer in HRM due to the achieved organizational results (Poór et al., 2018), as well as the standardization practices across countries (Edwards et al., 2016). The results of all these studies suggest that the advancement level of HRM or its particular subfunctions in a local subsidiary may be determined by the relationship of this LS with the HQs. Therefore, it can be said that both the centralization of activities and the knowledge and skills flows in the field of HRM between the HQ and its LS can have direct impacts on the advancement level of HRM at the local subsidiary.

To achieve the first subgoal of the empirical research, **the following research questions** were formulated:

1   How is the human factor in its two categories (i.e. HR-employees and HF-managers) evaluated as a company's competitive factor due to the company's performance results and the eight most important variables characterizing MNC?
2   What are the relationships between the advancement level of a particular HRM subfunction and the eight most important variables characterizing MNC?
3   What are the relationships between the evaluation of the contribution level of a particular HRM subfunction to the company's performance results and the eight most important variables characterizing MNC?

4   What are the relationships between the centralization level of a particular HRM subfunction and the eight most important variables characterizing MNC?

5   How is the significance of the knowledge & skills flows in its two directions (i.e. from the HQ to the LS and from the LS to the HQ) within a particular HRM subfunction assessed due to the eight most important variables characterizing MNC?

The conceptual and methodological assumptions for the other three sub-goals of the empirical research are discussed in the next subchapter.

2.2 The theoretical construct of a reflective measurement model and related hypotheses

As mentioned at the beginning of the previous subchapter, the second sub-goal of the empirical research was to build one common reflective measurement model for each of the latent variable subfunctions of HRM and to identify and assess the causal relationships between each single HRM subfunction (an independent variable) and the selected indicative-dependent variables in the context of one type of the company's performance results. To reach this subgoal, a general conceptual model for a latent variable sub-function of HRM has been built and is presented in Figure 2.1.

As the research focused on six HRM subfunctions, and each of them was studied in relationship to four types of organizational performance results, a total of 24 empirical models were developed. They are discussed in detail in the following chapters. As for the HRM subfunctions selected for the study, these were: staffing the organization (STO), shaping employee work engagement & job satisfaction (SEWE&JS), employee performance appraisal (EPA), multi-scope employee development (MED), managerial staff development (MSD),
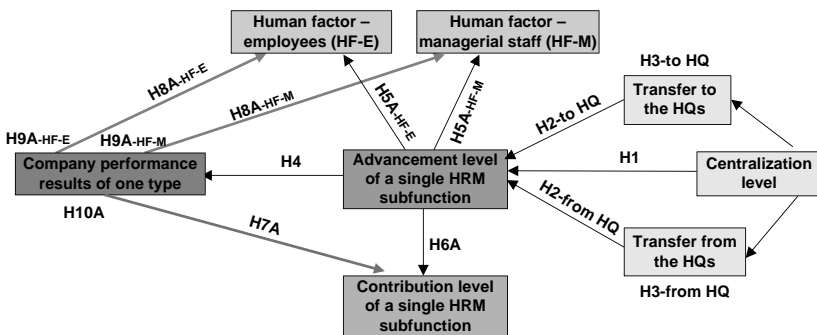
Figure 2.1 The conceptual reflective measurement model for a latent variable sub-function of HRM with one type of company's performance results.

Source: Own concept.

and employer branding (EB). In turn, the company's performance results were broken down into: finance, quality, innovativeness, and HRM.

The third subgoal of the empirical research was to construct one common comprehensive reflective-measurement model for each of the latent variable subfunctions of HRM and to identify and assess the causal relationships between each single HRM subfunction (an independent variable) and the selected indicative dependent variables in the context of all types of the company's performance results. To achieve this subgoal, a conceptual comprehensive model for a latent variable subfunction of HRM has been built and is shown in Figure 2.2. In this way, six more empirical models were created, resulting in 30 models in total. According to the fourth research subgoal, they were to be compared with regard to their explanatory capability and in-sample predictive power.

We now turn to the explanation of the basic assumptions adopted in the models and the formulation of research hypotheses. At this point, it is necessary to explain certain simplifications that were used in formulating and presenting these hypotheses. Well, considering that there are 30 models in total and, in each of them, different configurations of variables and re-lationships between them are to be tested, it was calculated that about 500 hypotheses should be created to describe each of them. Of course, this total is too much for a monograph, and therefore, reductionist actions have been taken. Only hypotheses of a general nature were formulated; markings were used to indicate which of them refer to the model with a single type of company's performance results and which to the model with all types of
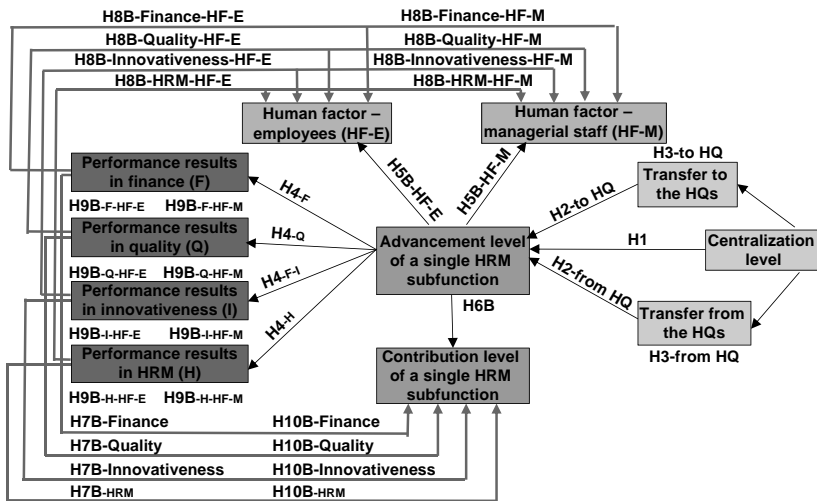
Figure 2.2 The conceptual comprehensive reflective measurement model for a latent variable subfunction of HRM with all types of performance results.

Source: Own concept.

results. And so, for the hypotheses referring to the first model, this is **the letter A**, and for hypotheses relating to the second model, it is **the letter B**. Further explanations will be made after the presentation of the hypotheses.

Returning to the model shown in Figure 2.1, it is a reflective type of measurement model in which a single HRM subfunction (an independent variable) makes a latent variable and is presented as the advancement level of related practices. The value of the advancement level is formed on the basis of a single indicator resulting from the total aggregation of the formative indicators (particular activities composing this subfunction) not included in the model. However, since the model considers the relationship between the HQ and the LS, a given subfunction of HRM may also be a dependent variable. In this case, as said before, the advancement level of HRM subfunction can be determined both by the centralization of decision-making practices of the HQ toward its LS (Young & Tavares, 2004; Fenton-O'Creevy et al., 2008; Edwards et al., 2016; Maatman & Meijerink, 2017; Edwards et al., 2022) and by the knowledge & skills flowing between them (Tsang, 1999; Minbaeva, 2005; Fernandes et al., 2014; Minbaeva et al., 2014; Poór et al., 2018). For this reason, the following hypotheses have been formulated to describe these relationships:

- **H1** – The centralization level of each of the HRM subfunctions may directly affect its advancement level.
- **H2** – The direction of knowledge & skills flows between the HQs and LS within each of the HRM subfunctions may directly affect its advancement level.
- **H3** – The direction of knowledge & skills flows between the HQs and LS within each of the HRM subfunctions may mediate the relationships between the centralization level of each subfunction and its advancement level.

The main assumption of the model, however, is the existence of causal relationships between a single subfunction of HRM (i.e. STO, SEWE&JS, EPA, MED, MSD, EB) and four selected indicative-dependent variables. One of the effect (reflective) indicators that is assumed to be affected by a common underlying latent variable (given HRM subfunction) is company's performance results (Guest et al., 2003; Wright et al., 2005; Boon et al., 2019); these can be measured in various categories, e.g. financial, organizational, managerial, and behavioral (Stor, 2021:125). In the current study, going beyond this categorical division, four types of company's performance results have been adopted. As mentioned earlier, these are: finance, quality, innovativeness, and HRM. In any case, the hypothesis formulated here is as follows:

- **H4** – The advancement level of each of the HRM subfunctions may directly affect each type of the company's performance results.

Two other reflective variables refer to the human factor (HF) as a company's competitive factor (Barney, 1991; Dyer, 1993; Wright et al., 1993; Ingham, 2007), which is disaggregated into two categories, i.e. non-managerial employees and managerial staff (c.f. Patel & Hamlin, 2012; Yoon, 2016). The first one refers to the knowledge & skills of employees (coded as HF-employees), and the second one covers managerial competencies (coded as HF-managers). The value of each of them can be a resultant of the HRM practices that both employees and managers have experienced in the organizations (Andersen, 1993; Delery, Roumpi, 2017; Rompho, 2017; Stor & Haromszeki, 2020a). This is why the following hypotheses are proposed:

- **H5** – The advancement level of each of the HRM subfunctions may directly affect the evaluation of human factor as a company's competitive factor, regardless of the type of the company's performance predictor considered.

  - **H5A** – The advancement level of each of the HRM subfunctions may directly affect the evaluation of human factor as a company's competitive factor, regardless of the type of the company's performance predictor considered but in isolation from other types of performance results.
  - **H5B** – The advancement level of each of the HRM subfunctions may directly affect the evaluation of human factor as a company's competitive factor, regardless of the type of the company's performance predictor considered but in the context of other types of performance results.

The significance of HRM subfunction to the company's performance results makes the fourth indicative-dependent variable. It is understood as a perceived contribution of a single HRM subfunction to a company's financial performance results and depends on its advancement level (Becker et al., 2001; Anzengruber et al., 2017; Stor & Haromszeki, 2020a). The hypotheses describing this phenomenon have taken the following form:

- **H6** – The advancement level of each of the HRM subfunctions may directly affect the evaluation of the contribution level of each of these subfunctions to the company's performance results.

  - **H6A** – The advancement level of each of the HRM subfunctions may directly affect the evaluation of the contribution level of each of these subfunctions to the company's performance results considered in isolation from other types of performance results.
  - **H6B** – The advancement level of each of the HRM subfunctions may directly affect the evaluation of the contribution level of each of these subfunctions to the company's performance results considered in the context of other types of performance results.

In the model, apart from the fundamental role of a latent variable sub-function of HRM, a significant role is also assigned to the organization's performance results. It means that the value of human factor as a company's competitive factor and the contribution of HRM subfunction to company's performance results can also be seen through the prism of the actual performance results (Becker et al., 2001; Ružić, 2015; Yoon, 2016; Stor & Haromszeki, 2020a). Thus, the following hypotheses can logically be developed:

- **H7** – The company's performance results may directly affect the evaluation of the contribution level of each of the HRM subfunctions to the company's performance results, regardless of the type of the company's performance results being considered.

    - **H7A** – The company's performance results may directly affect the evaluation of the contribution level of each of HRM subfunctions to the company's performance results, regardless of the type of the company's performance results being considered.
    - **H7B** – The company's performance results may directly affect the evaluation of the contribution of each of HRM subfunctions to the company's performance results considered in the context of other types of performance results.

- **H8** – The company's performance results may directly affect the evaluation of human factor as a company's competitive factor, regardless of the type of the company's performance results being considered.

    - **H8A** – The company's performance results may directly affect the evaluation of human factor as a company's competitive factor considered in isolation from other types of performance results.
    - **H8B** – The company's performance results may directly affect the evaluation of human factor as a company's competitive factor considered in the context of other types of performance results.

- **H9** – The company's performance results may mediate the relation-ships between the advancement level of each of the HRM subfunctions and the evaluation of human factor as a company's competitive factor, regardless of the company's performance predictor is considered.

    - **H9A** – The company's performance results may mediate the relationships between the advancement level of each of the HRM subfunctions and the evaluation of human factor as a company's competitive factor considered in isolation from other types of performance results.
    - **H9B** – The company's performance results may mediate the relationships between the advancement level of each of the HRM subfunctions and the evaluation of human factor as a company's

competitive factor considered in the context of other types of performance results.

- **H10** – The company's performance results may mediate the relationships between the advancement level of each of the HRM subfunctions and the evaluation of the contribution of each of these subfunctions to the company's performance results.

  - **H10A** – The company's performance results may mediate the relationships between the advancement level of each of the HRM subfunctions and the evaluation of the contribution of each of these subfunctions to the company's performance results considered in isolation from other types of performance results.
  - **H10B** – The company's performance results may mediate the relationships between the advancement level of each of the HRM subfunctions and the evaluation of the contribution of each of these subfunctions to the company's performance results considered the context of other types of performance results.

In addition to the previous explanations of what the letters A and B in the hypotheses refer to, other, equally important, ones should be provided. Well, in the following chapters, when discussing the verified hypotheses, abbreviations will be used to indicate the detailed reference object. For example, hypothesis H1 generally mentions each HRM subfunction. To indicate that this is about staffing the organization, discussed in Chapter 3, the following description will be used: H1 for staffing. Next, hypothesis H2 generally mentions the direction of knowledge & skills flows between the HQs and LS. To indicate exactly which direction is meant, the following description will be used: H2 – to the HQs or H2 – form the HQ. And one more example, hypothesis H4 generally mentions each type of the company's performance results. To make it clear which type of result is meant, a description will be used with the name of the specific type of result, i.e. H4 for finance.

In the same way, it will be explained which category of the human factor is concerned. Hypothesis H5A refers generally to a human factor as a company's competitive factor. To distinguish between non-managerial employees (the knowledge & skills of employees) and managerial staff (the managerial competencies), the following description will be used: H5A for HF-employees and H5A for HF-managers.

2.3 Methods of data collection and analysis

The research was finance by the Polish National Science Center within the project entitled *Human resources as a strategic competitive factor of companies realizing foreign direct investment* (No 2016/23/B/HS4/00686). The empirical research was conducted in 2018 and covered 200 headquarters of MNCs located in one of the Central European countries (Poland). They

were nonfinancial economic entities, which means, according to the major worldwide statistical institutions, like OECD, UNCTAD, Eurostat or Statictics Poland, that their principal activities were the production of market goods or non-financial services. Thus, the population of the enterprises under study didn't include banks, credit unions, credit institutions, brokerage and securities houses, insurance companies, assets management and investment funds, or pension funds and general pension societies.

The research data was collected using the survey method. The survey was commissioned to the ICAN Institute (the former publisher of Harvard Business Review Poland), which applied two research methods: CATI (computer aided telephone interview) and CAWI (computer-aided web interview). The ICAN Institute was responsible for creating the website and training the group of interviewers. They used their own database to select proper respondents and fulfill the requirements of the purposive sampling. It is because the MNCs participating in the research had to be headquartered in Poland, with a dominant share of the Polish capital, existing on the market no less than two years, and possess at least one foreign subsidiary established as an effect of FDI. Additionally, the respondents had to be the people with the best knowledge of both business and HRM performance results of their companies (Parry et al., 2021). In fact, the group of respondents consisted of HR managers (20,5%), HR directors (35,5%), managing directors (42,5%), and business owners (1,5%).

They were asked to answer the survey questions in the context of the last three years. The intention was to make respondents think about some cause-effect relationships of the studied variables, not to consider them separately in a kind of business vacuum. It is all the more important that observing certain changes in the organization in connection with the implementation of some HRM activities and linking them with the organization's performance results is not usually possible in the short term. The questions for the respondents were divided into two categories: concerning the MNC in a global perspective and with regard to the selected, largest, but also the most typical foreign subsidiary.

The following **measures were used to the particular variables characterizing MNCs**:

- **the type of company's business activity** was identified with accordance to Level 1 (composed of 21 sections) of the statistical classification of economic activities in the European Community, which is the industry standard classification system used in the European Union;
- **the company's size** was defined with accordance to the recommendations of the European Commission and OECD (Organization for Economic Cooperation and Development) and the number of persons employed was taken as a measure, i.e.

- micro enterprises: up to 9 employees,
- small enterprise: between 10 and 49 employees,
- medium enterprises: between 50 and 249,
- large enterprises: 250 employees and more;

- **the period of company's operation on the market** was measured in years based on the following intervals:

  - up to 2 years,
  - between 3 and 5 years,
  - between 6 and 10 years,
  - between 11 and 20 years,
  - more than 20 years;

- **the type of FDI investment** was considered in two categories:

  - brownfield investment – the purchase of shares of an existing foreign enterprise,
  - greenfield investment – the establishment of a new enterprise abroad from the ground up;

- **the ownership share of the HQ in its foreign subsidiary** was measured in percent and determined with accordance to the Polish Central Statistical Office classification in which the following intervals are used:

  - up to 10,00%,
  - between 10,01% and 50%,
  - between 50,01% and 99,99%,
  - equally 100%;

- **the number of foreign entities** meant the number of subsidiaries located outside Poland and owned in any percent by the Polish HQ;
- **the number of total entities** meant the sum of number of subsidiaries located in Poland and the number of subsidiaries located outside Poland and owned in any percent by the Polish HQ;
- **the number of host countries** was understood as the number of countries in which the Polish HQ has its subsidiaries;
- **Internationalization index (II)** was defined with accordance to the formula created by the United Nations, i.e.:

$$II = \frac{FE}{TE} \times 100$$

Where:
  II – Internationalization index
  FE – number of foreign entities
  TE – total number of entities

- **Geographical spread index (GSI)** was defined with accordance to the formula created by the United Nations Conference on Trade and Development (UNCTAD), i.e.:

$$GSI = \sqrt{II \times HC}$$

Where:
  GSI − Geographical Spread Index
  HC − number of host countries
  II − Internationalization Index

The following **measures were applied to the particular variables incorporated in the reflective measurement models and tested hypotheses**:

- **the advancement level of a particular HRM subfunction** was calculated as a mean of its composing elements before it was introduced into the model (*c.f.* Little et al., 2002; Williams & O'Boyle, 2008), so it means it was formed as a single indicator resulting from the total aggregation of the formative indicators (particular activities composing this subfunction but not included in the model itself); each particular component of a single HRM subfunction was evaluated by the respondents in comparison to the general trends based on the best worldwide practices on a five-degree scale, where 1 meant very low, 2 − low, 3 − average, 4 − high, 5 − very high;
- **the contribution level (significance) of a particular HRM subfunction** to the company's performance results was appraised on a five-degree scale, where 1 meant not important, 2 − slightly important, 3 − important, 4 − very important, and 5 − of critical significance;
- **the centralization levels of a particular HRM subfunction** was measured on the following four-degree descriptive scale: 1 − decentralization (each subsidiary has full autonomy), 2 − general guidelines and framework provided by the HQ, 3 − detailed policies, procedures and rules provided by the HQ, and 4 − centralization (centralized decision-making and tight control over realization;
- **the significance of knowledge & skills transfer within particular HRM subfunction** was evaluated on a five-degree scale, where 1 was not important, 2 − slightly important, 3 − moderately important, 4 − important, and 5 − very important, however with regard to the direction of flows, i.e.:

  - from the HQ to its LS,
  - from a LS to its HQ;

- **the value of human factor (HF) as a company's competitive factor** was appraised by respondents in comparison to their main

competitors on the market; a five-degree scale was used, where 1 meant strongly lower, 2 – rather lower, 3 – similarly to an average, 4 – rather higher, and 5 – strongly higher; the evaluation was performed with regard to tow categories of human factor, i.e.:

- employees' skills and knowledge,
- managerial competencies;

- **the company's performance results** (meaning the results of a selected local subsidiary) were evaluated by respondents in a benchmarking process, i.e. by comparison to the main competitors on the local market on the following scale: 1 – poor, 2 – below average, 3 – similar to others, 4 – above average, 5 – very good. It should be clarified here that the concept of *performance result* is not the same as *performance*. *Performance result* means the final outcome to which some activities, courses of actions, processes, or operations lead, whereas *performance* alone is the act of executing some activities, courses of actions, processes, or operations. Taking this literally, the first includes two things (*performance* plus *results*), so it is about "(1) the result of doing (2) to achieve a result." The second one covers only one thing (*performance* alone), so it is about "doing to achieve a result." This differentiation was necessary because some linguistic purist would say, that talking about a *performance result* is a language mistake because it is like talking twice about the same final outcome, which, of course, in our case does not apply and is irrelevant.

To analyze the collected data both descriptive, correlational, and mediation statistical methods were used. First, internal consistency within the questionnaires on a particular HRM subfunction was checked. Then the normality tests of Kolmogorov–Smirnov (with Lilliefors correction) and of Shapiro-Wilk was performed. Next, the relationships between the variables were examined by the means of the Spearman's rank coefficient. Finally, the partial least squares structural equation modeling (PLS-SEM) with WarpPLS v. 7.0. software was used to verify the research hypotheses and assess all reflective measurement models. There are several main reasons for the use of PLS-SEM in the presented research. The first one is connected with the fact that the research data weren't normally distributed, and since the PLS-SEM is a nonparametric method, no distributional assumptions are necessary (Garson, 2016; Hair et al., 2019). The second one refers to a broad scope and flexibility of relationships between constructs and their indicators; it easily handles complex models with many structural model relations and easily incorporates reflective and formative measurement models (Sarstedt et al., 2016). And the third one is that the construct scores can be used for predictive (Shmueli, et al., 2016) and explanative purposes, whereas, for example, CB-SEM is limited to explanation (Dash & Paul, 2021). In short, PLS-SEM estimates coefficients (i.e. path model

relationships) with the goal of maximizing the R^2 values of the endogenous (target) constructs. This feature achieves the (in-sample) prediction objective of PLS-SEM (Hair & Sarstedt, 2021), which is therefore the preferred method when the research objective is theory development and explanation of variance (prediction of the constructs) (Hair et al., 2022). Anyway, the upgraded standard recommendations for the assessment of all reflective measurement models for latent variables of single HRM subfunctions were applied (Hair et al., 2022). All this allowed to juxtapose their indicators and compare their explanatory capability and in-sample predictive power. PLS-SEM has become a widely used method when investigating the impact of HRM practices on organizational performance (Ringle et al., 2020) and especially when HRM practices are treated as predictors of organizational performance (Williams & O'Boyle, 2008; Pattnaik & Sahoo, 2020; Legate et al., 2021).

2.4 The structure and basic characteristics of a research sample

As already mentioned, the research sample consisted of 200 headquarters of nonfinancial MNCs located in the Central European country (Poland). This accounted for about 11% of the general population because, according to the Polish Central Statistical Office data in 2018, there were 1,859 of such economic entities in Poland. The structure of the research sample was varied and corresponded to the general population in 95% (*c.f. Activities of Enterprises …,* 2020). In terms of the type of business activity, it included MNCs engaged in: agriculture, forestry, and fishing (1%), mining and quarrying (2%), manufacturing (36%), electricity, gas, steam, and air conditioning supply (1%), construction (18%), wholesale and retail trade; repair of motor vehicles and motorcycles (11%), transportation and storage (5%), information and communication (1%), professional, scientific and technical activities (13%), administrative and support service activities (1%), arts, entertainment and recreation (4%), and others (11%).

Considering the organization's size, the sample consisted of 1% of MNCs with up to 9 employees, 8% from 10 to 49 people, 23% from 50 to 249 and 68% from over 249 people. None of the organizations operated on the market for less than 3 years. Those that operated for 3 to 5 years accounted for 2%, and those that operated for 6 to 10 years – 6%. Most were MNCs in the interval from 11 to 20 years (50%) and over 20 years (42%).

The subsidiaries indicated by the MNCs as the largest and typical, were established in 8% of cases as a result of brownfield investment and in 92% as greenfield. As for ownership, there were no MNCs with less than a 10% share in a foreign subsidiary. The smallest ownership shares, i.e. in the range of 12%–15%, were reported by 9% of MNCs. The largest group (54%) were MNCs with shares between 50,01% and 99,99%. The second place was taken by those with 100% shares, and they constituted 37% of the research sample.

The smallest number of foreign subsidiaries a MNC owned was 1, and the largest was 240. At the same time, the smallest total number of entities was 1 and the largest 470. As far as the host countries are concerned, the number of such countries ranged from 2 to 60. In turn, the internationalization index ranged from 5,6 to 100, and the GSI index ranged from 1 to 77,46.

In the surveyed population of MNCs, 84% implemented growth strategies (N = 168), 22,5% a combination of growth & stability strategies (N = 45), and 15% applied simultaneously stability & retrenchment strategies (N = 30) or exclusively retrenchment strategies (N = 2). The percentage values do not add up to 100, and the number of enterprises (N) does not add up to 200 because some MNCs reported the realization of more than one type of business strategy. On average, the financial performance results of MNCs were slightly better compared to the main competitors ($\bar{x}$ = 3,74), and results in quality ($\bar{x}$ = 3,26), innovativeness ($\bar{x}$ = 3,32) and HRM were similar to others ($\bar{x}$ = 3,56). There were seven company's competitive factors evaluated. The highest rated competitive factor at the disposal was the quality of the products or services ($\bar{x}$ = 3,78). The next two places were the knowledge & skills of employees ($\bar{x}$ = 3,41) and managerial competencies ($\bar{x}$ = 3,37). The positions in the ranking of the remaining factors of competitiveness are shown in Figure 2.3. In a correlation test, no statistically significant correlations were found between the value of human factor as a company's competitive factor (including both the knowledge & skills of
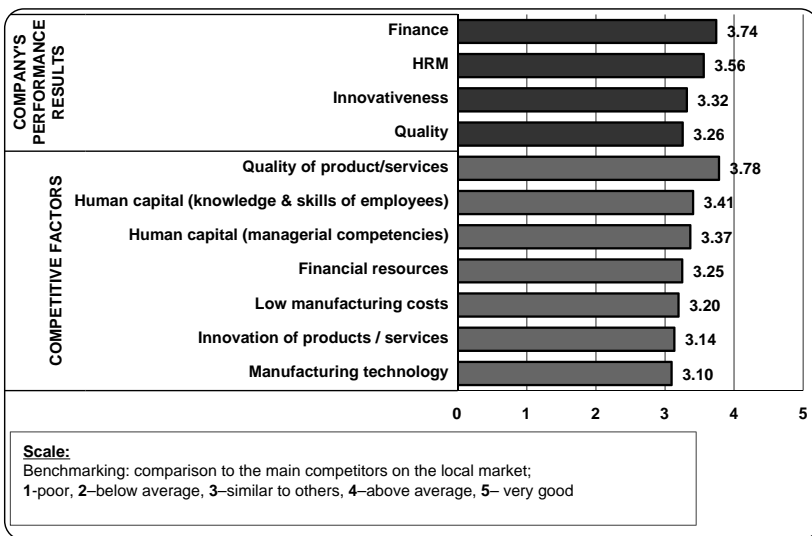
Figure 2.3 The ranking of the mean values of the company's performance results and competitive factor.

Source: Own research data.

employees and managerial competencies) with such variables describing MNCs as the business activity, the period of operation on the market, the company's size, the ownership share of the HQs in their foreign subsidiaries, internationalization Index (II), geographical spread index (GSI), the number of total and foreign entities, and the number of host countries.

The overall advancement level of HRM (including all subfunctions under study, i.e. staffing the organization, shaping employee work engagement & job satisfaction, employee performance appraisal, multiscope employee development, managerial staff development, and employer branding) was high ($\bar{x}$ = 3,72). Simultaneously, the overall contribution level of HRM to the company's performance results was evaluated as important ($\bar{x}$ = 3,45). Furthermore, in the overwhelming majority of MNCs, the role of their HQs at the foreign subsidiary level is relatively strong ($\bar{x}$ = 2,63). They provide the detailed policies, procedures, and rules to their local subsidiaries. When the directions of knowledge & skills flows within HRM are considered, both of them are important; however, the flow from the HQs to the local subsidiary is of a little higher significance ($\bar{x}$ = 3,62) than the flow in the opposite direction ($\bar{x}$ = 3,23).

2.5 A concise summary of the empirical research methodics

The chapter focuses on the research methodics, not on methodology because the methodology is understood as a scientific discipline that comprises the study and analysis of scientific research methods, modes of analyses, and evaluation of their cognitive value with connection to the principles associated with a branch of knowledge within particular scientific disciplines, whereas methodics has a much narrower meaning. It refers to the set of means and activities undertaken to realize a concrete task or solve a particular problem. In this monograph, it concerns a particular research project; hence, it covers such elements as the research problem, goals, questions, models, method, measures, types of data analyses, and sample.

The main research problem in the project was to establish whether any identifiable regularities in MNCs determine the relationships between the advancement levels of HRM subfunctions and the company's performance results, and how in this context, the contribution of HRM to these performance results and the human factor as a company's competitive factor are evaluated. Hence, the main goal of the empirical research was to identify, analyze, diagnose, and predict the relationships between the selected variables describing MNCs and the selected variables describing the effects of the advancement levels of HRM subfunctions on the evaluation of their contributive roles in the company's performance results, the factual company's performance results themselves, and the human factor as a competitive factor. This main goal was disaggregated into four basic subgoals.

In accordance with the adopted conceptual and methodical assumptions, appropriate actions were taken to achieve the established goals. First, on the basis of a literature review, the most important variables characterizing MNCs were identified. These variables are: the type of company's business activity, the company's size measured by the number of employees, the period of company's operation on the market, the type of FDI investment, the ownership share of the HQ in its foreign subsidiary, the internationalization index (II), the geographical spread index (GSI), the number of total and foreign entities, and the number of host countries. Second, due to the main research problem, the following variables were recognized as the most appropriate to describe the effects of the HRM subfunctions: the advancement level of HRM subfunction, the company's performance results, the contribution level of HRM subfunction to the company's performance results, the human factor as a company's competitive factor in two of its categories (i.e. knowledge & skills of employees and managerial competencies), the centralization level of HRM subfunction, the knowledge & skills flows in two directions (i.e. from the HQ to the local subsidiary and form the local subsidiary to the HQ). Third, five research questions were formulated referring to the relationships between these two sets of variables. Fourth, two general conceptual models for a latent variable subfunction of HRM were built, with one type of company's performance results and with all types of performance results. Finally, 10 research hypotheses adopted in the models were developed. The simplifications and reductionist actions taken in the process of their formulation are also explained. Separate attention is paid to make markings and symbols used with the hypotheses clear.

The research sample included 200 headquarters of MNCs located in the Central European country (Poland). They were nonfinancial economic entities. The structure of the sample was diversified in terms of the adopted variables describing this type of organization. The research data was collected using the survey method. Two types of these methods were used, i.e. CATI (computer-aided telephone interview) and CAWI (computer-aided web interview). For research purposes, measurements were creted for both the particular variables characterizing MNCs and the particular variables incorporated in the reflective measurement models and tested hypotheses.

The chapter also describes the actions taken to analyze the collected empirical data. Thus, to analyze the data, both descriptive, correlational, and mediation statistical methods were used. First, internal consistency within the questionnaires on a particular HRM subfunction was checked. Then the normality tests of Kolmogorov–Smirnov (with Lilliefors correction) and of Shapiro-Wilk was performed. Next, the relationships between the variables were examined by the means of the Spearman's rank coefficient. Finally, the partial least squares structural equation modeling (PLS-SEM) with WarpPLS v. 7.0. software was used to verify the research hypotheses and assess all reflective measurement models.

Finally, the structure and basic characteristics of a research sample are presented. To sum up, the average MNC was rather a large organization as measured by the number of employees, operated on the market for over 11 years, had approximately 13 entities, of which about eight were foreign subsidiaries, located in five host countries, established as a greenfield investment with a majority share owned by the Polish HQ. Such an enterprise usually implemented growth strategy and its financial performance results were slightly better compared to the main competitors, while results in quality, innovativeness and HRM were similar to others. Among the three most important factors of competitiveness were the quality of the products or services and the knowledge & skills of employees and managerial competencies. The advancement of HRM, like its contribution to the company's performance results, were appraised rather high. The role of the HQ at the local subsidiary appeared to be relatively strong, and although the directions of knowledge & skills flows within HRM were important in both directions, the flow from the HQs to the local subsidiary was slightly more important than in the opposite direction. However, one must be careful when drawing generalizing conclusions based on statistical averages. As someone once said: statistically speaking, my dog and I have an average of three legs, but neither of us has a disability. Is it a puzzle? No; this is how a simple calculated average works.

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3 Staffing the Organization: Recruitment, Selection & Placement

3.1 The conceptual construct of staffing activities

The first subfunction of HRM to be discussed in this monograph concerning empirical research is staffing the organization (STO), which has changed significantly over the past two decades due to the evolving expectations of employees toward companies (i.e. specific developmental opportunities, mental and physical well-being support, flexible work designs) (Shirmohammadi et al., 2022) and tightening labor markets, particularly in some sectors. Most labor markets in advanced economies are even tighter now than they were before COVID-19. Tightness can be seen in a sharp rise in vacancies and vacancies-to-unemployment ratios (Duval et al., 2022). Companies are becoming more and more aware that their employees are the key to implementing business strategies. The war for talent has made identification and attraction of high-performing employees necessary to compete and win on their markets. The internet and other ICT technologies have also changed the way the companies perform their HRM subfunctions (Stor, 2020). Enterprises are implementing system solutions and increasingly measuring various factors to optimize the resourcing subfunction of the organization (Haromszeki & Stor, 2020). In this context, at the beginning, it is necessary to explain whether the discussion will be about staffing or resourcing and what comprises activities in this area.

Staffing can be understood in a wider and narrower range. In a broader sense, it means the process of attracting, selecting, and retaining sufficient quantity and quality of competent individuals to positively affect the organization's performance and achieve organizational goals (Ployhart, 2006:368; Heneman et al., 2019:10)). This approach is identified with people resourcing, often called employee resourcing, the term used to cover employment activities comprising workforce planning, recruitment and selection, attracting, deploying, and retaining people, managing employee turnover, absence management, and talent management (Phillips & Gully, 2015a:27; Armstrong & Taylor, 2020:207). Sometimes it is even called strategic resourcing (Armstrong & Taylor, 2020:209) or strategic staffing, and it's understood as the process of staffing an organization in

future-oriented, goal-directed ways that support the organization's business strategy and enhance its effectiveness. The focus of strategic staffing is the integration of staffing practices with business strategy and with the other areas of HRM to enhance organizational performance (Phillips & Gully, 2015a:24). In short, staffing in this wider framework means a process that establishes and governs the flow of people into the organization, within the organization, and out of the organization (Heneman et al., 2019:11).

In a narrower sense, staffing includes three main categories of activities, i.e. recruitment, selection, and training (Kim & Ployhart, 2014), but at the same time, training is sometimes replaced by such terms as adaptation (Peregrin & Jablonsky, 2021:76–77), induction (Torrington et al., 2014:165), placement (Noe et al., 2017:224), introduction (Kawka & Listwan, 2010:76), orientation (Gomez-Mejia et al., 2020:231), or onboarding (Snell & Morris, 2019:262). In this approach, the staffing process begins with job analysis, which provides information about what the job entails and what human characteristics are required to perform these activities. There are two basic products of this analysis: job description and job requirements profile. Nowadays, some employers shift toward newer approaches for describing jobs, which is competency-based analysis, and as a result, they draw up competency profiles. Traditional job analysis focuses on "what" is accomplished (on duties and responsibilities), whereas competency analysis focuses more on "how" the worker meets the job's goals or actually accomplishes the work. Thus, traditional job analysis is more job focused, while competency-based analysis is more worker focused (Dessler, 2020:140–141). Job analyses, job descriptions, and competency profiles serve as the basis for employee recruitment, selection, and training (Aamodt, 2015). In the recruitment phase, they are used to prepare job ads to identify, attract, and influence the job choices of competent applicants (Ployhart, 2006:369; Petry et al., 2021:7). In the selection phase, they are used to identify which job candidates, gathered during the employee recruitment process, are most likely to meet the requirements of the position (Farr & Tippins, 2010). By identifying such requirements, it is possible to decide what practices and processes should be used to identify and measure the qualities of candidates the company is seeking (Aamodt, 2015). Employee selection may cover various measurement methods, techniques, and instruments: from the least complex, such as interviews, to the most advanced, like AC with work samples, psychometric tests, ability tests, technical tests, case studies, role playing scenarios, and many others (Thornton & Rupp, 2006; Kim & Ployhart, 2014; Highhouse et al., 2016), including those specially dedicated to fill in leadership and managerial positions (Chamorro-Premuzic & Furnham, 2010; Rudnev, 2022). And, finally, job analyses, job descriptions, and competency profiles support the preparation and organization of the orientation programs for new entrants, which cover both work and social-adaptation goals (Arthur, 2012). It is worth noting that nowadays, each of the three main categories of activities composing staffing uses social media as a standard tool (Landers & Schmidt, 2016).

The importance of staffing for an enterprise is reflected in many areas of its functioning. Staffing can enable a company to acquire a sustainable competitive advantage that allows it to successfully fulfill its mission, realize its strategies, and reach its goals (Ployhart, 2004; Huselid & Becker, 2011). A competitive advantage is something a company can do differently from its rivals that allows it to perform better, survive, and succeed in its industry (Cascio et al., 2019; Stor & Haromszeki, 2020a). However, this is only possible thanks to people who create, enhance, or implement the company's competitive advantage (Stor & Haromszeki, 2020b). Hence, people's efforts, talents, knowledge, skills, abilities or just competencies matter to organizations (Stor et al., 2017).

Because an organization's talent influences its capabilities, strategic execution, and competitive advantage, staffing is also a foundation of organizational performance (Phillips & Gully, 2015b). For this reason, the person and the job must be matched. To the extent that the match is good, it will likely have a positive impact on HRM outcomes, particularly with attraction of job applicants, job performance, retention, attendance, and satisfaction (Banks et al., 2019; Heneman et al., 2019:16), which then contribute to the company's performance (Goldstein et al., 2017:4). Understanding these connections between staffing in its narrower meaning and other HRM subfunctions is important because the results of some research can lead to improper conclusions. For example, one of such research findings show that companies employing more selection practices generate greater productivity but not profit. Positive effects occur when firms have less collective turnover and are within dynamic industries but, surprisingly, the effects of selection on performance can actually be negative in stable industries (Youngsang & Ployhart, 2018). Interpreting such research results, it should be noted that employee selection itself may have negative relations with the company's performance results because it has no direct impact on such results, except cost issues, which can be immediately calculated. The impact of employee selection on the company's performance is indirect, for example, observable in the employees' work engagement and their individual or collective work results, which in a factual way affect the organization's results. In this case, employees' engagement and work performance are usually the result of the impact of other HRM subfunctions. That's why some researchers link staffing to firm financial growth through labor productivity and turnover (*cf*. Kim & Ployhart, 2014).

It is worth noting here that the research also shows that companies in different countries implement staffing practices in line with their normative (i.e. cultural), regulatory, and cognitive institutions and that staffing practices are associated with organizational turnover, thus challenging dominant universalist perspectives on staffing effectiveness (Knappert et al., 2021). Staffing issues are complex in the international environment, particularly when they

concern the competencies of managerial staff needed for the successful implementation of international business strategies (Ivanović & Bogdanoska Jovanovska, 2019), especially strategic cross-border mergers in culturally and institutionally distant markets (Barber, 1998; Gong, 2003; Reiche, 2007), corporate integration (Collings et al., 2009), different approaches to international staffing, people-centric controls exerted through global staffing practices (Patel et al., 2019), shortages of international managers (Lee et al., 2022), fierce competition between MNCs and local companies to attract and retain high quality staff (Cortinovis et al., 2020; de Faria et al., 2021), knowledge flows in the geographically dispersed organizational structure (Collings et al., 2007), and even ethical and moral perspectives in staffing policies (Zeira & Harari, 1977; Banai & Sama, 2000).

When closing this theoretical introduction, it should be clarified that, according to the definition adopted in this monograph, staffing the organization (STO) is understood as a set of activities seeking to obtain the right people for the organization and fulfilling the vacancies in the appropriate way so that a company can function efficiently and continuously. The goal of STO is to match the qualifications and competencies of the job candidates with the needs of the organization. In this approach, staffing is composed of three stages:

1   recruitment – activities that rely on encouraging applicants to apply for the job openings,
2   selection – identification, measurement, and evaluation of these applicants' qualities that are necessary to be admitted to the post and choosing the most appropriate individual/individuals from a pool of recruited applicants,
3   placement – introducing and familiarizing new employees with the processes of work and its environment so that they perform their work efficiently and with engagement.

Summarizing, it can be said that staffing the organization may cover various types of HRM activities that aim to bring new people into the organization (form external labor market) or current employees into their new positions (from internal labor market) and making sure that they serve as valuable assets to the workforce. In the conceptual development undertaken in this book for the research purposes, such activities cover seven components, which are listed in Table 3.1. To assess their internal consistency within the questionnaire on STO, Cronbach's alpha, as a measure, was used. The reliability analysis covered seven five-point scale items (components of STO, as shown in Table 3.1.). Cronbach's alpha showed the questionnaire to reach very good reliability, $\alpha = 0.821$. All items appeared to be worthy of retention, resulting in a decrease in the alpha if deleted.

Table 3.1 The ranking of the mean values of the advancement levels of particular components of STO

No.	Components of staffing the organization	Mean ($\bar{x}$)
1.	Carefully described and updated job descriptions	4,31
2.	Job vacancies advertised in various media (from traditional to the use of the latest technological developments)	3,84
3.	Methods, techniques and tools used in the employee adaptation process (from basic, such as health and safety training, position instruction, general information about enterprise to complex, such as comprehensive introduction programs to work, mentoring)	3,80
4.	Methods, techniques and tools used in the selection of candidates (from traditional, such as CV analysis and interview to complex, such as AC, work samples, simulations)	3,76
5.	Using the services of headhunting companies	3,61
6.	Acquiring employees at work fairs, industry fairs, etc.	3,50
7.	Using an employment agency.	3,50
Overall mean ($\overline{x_{STO}}$)		**3,76**

Source: Own research data.
The evaluation scale for advancement level.
1 – very low; **2** – low; **3** – average; **4** – high; **5** – very high.

3.2 The advancement level of the practices applied in staffing the organization

The overall mean value of the advancement level of STO in the research sample is rather high. It comes close to 4 ($\overline{x_{STO}}$ = 3,74) on the five-degree measurement scale which is presented at the bottom of Table 3.1.

From the ranking drawn up in this table, we also learn that among seven elements composing STO, carefully described and updated job descriptions reach the highest value of $\bar{x}$ = 4,31. The second position is occupied by job vacancies advertised in various media (from traditional to the use of the latest technological developments) ($\bar{x}$ = 3,84), and the third is held is by methods, techniques, and tools used in the employee-adaptation process (from basic, such as health and safety training, position instruction, general information about the enterprise, to complex, such as comprehensive in-troduction programs to work, mentoring) ($\bar{x}$ = 3,80).

The analysis of the collected data by the percentage share of responses leads to the conclusion that not more than 5% of MNCS evaluate the advancement level of STO as low or very low. In most cases, the rating range is between average and high. But within each component, a per-centage of responses indicated a very high rate, and the level of carefully described and updated job descriptions is even appraised as very high by nearly 40% of respondents.

When business strategies are considered, the advancement level of STO is appraised a little lower in the MNCs applying growth strategies (N = 168; $\bar{x}$ = 3,86) with comparison to the organizations realizing simultaneously growth & stability strategies (N = 45; $\bar{x}$ = 3,92). The lowest rating is obtained in companies with stability & retrenchment strategies (N = 32; $\bar{x}$ = 3,21). This rating may suggest that in organizations that are not oriented toward business extension or are forced to reduce their businesses, the advancement level of STO doesn't constitute their primary subject of interest. This result is not surprising from the point of view of organization management logic.

The research intention was also to identify the potential relationships between the selected variables characterizing the MNCs and the advancement level of STO. The statistical analysis showed that this level is positively correlated with the company's size (r = 0,23, at p = 0.001) and negatively with the ownership share of the HQs in their foreign subsidiaries (r = −0,45, at p = 0.00). It means that the larger the company and the lower its ownership share in the foreign subsidiary, the higher the advancement level of STO. However, the analysis didn't reveal any statistically significant correlations between the advancement level of STO and such variables as the company's type of business activity, period of its operation, internationalization index (II), geographical spread index (GSI), number of total and foreign entities, and number of host countries.

3.3 The contributive role of staffing in the organizational performance

Based on the five-degree measurement scale (1 – not important; 2 – slightly important; 3 – important; 4 – very important; 5 – of critical significance), the significance of staffing the organization to the company's performance results reached the highest mean value in the MNCs that realized growth strategies (N = 168; $\bar{x}$ = 3,97). This HRM subfunction contribution to the business performance appears to be slightly more important here than in the MNCs that applied a combination of growth & stability strategies (N = 45; $\bar{x}$ = 3,82). However, in both cases, the contributive role of STO is perceived as very important. The lowest score is reached in the MNCs following a combination of stability & retrenchment business strategies (N = 32; $\bar{x}$ = 3,43). The mean for the entire sample of MNCs it is $\overline{x_{STO}}$ = 3,74.

As for the structure of evaluations of STO contribution to the company's performance results, none of the MNCs considered this contribution as unimportant and only 2% of them considered it slightly important. For 71%, it was important, for 20% very important, and for 7%, it was of critical significance.

When the structure of the evaluations is analyzed by the business strategies, the distribution of ratings looks very similar for companies that followed growth strategies and growth & stability strategies. The prevailing rate is important

(indicated approximately by 80% of MNCs). Interestingly, in the companies that implemented stability & retrenchment strategies simultaneously, the dominant values of evaluation were 3 (important) and 4 (very important), which were selected by 53% and 40% of respondents, respectively.

The next step of the data analysis focused on the identification of relationships between the significance of STO to the MNCs' performance results and the selected variables characterizing these organizations. The negative correlations were found with the company's size (r = −0,20, at p = 0.005), period of its operation (r = −0,20, at p = 0.004), the number of host countries (r = −0,17, at p = 0.018), and the ownership share of the HQs in their foreign subsidiaries (r = −0,19, at p = 0.008). The interpretation is that the higher evaluations of the contributive role of STO in the company's performance results go in line with the shorter period of the company's operation on the market, the smaller number of its host countries, and the smaller ownership share in its foreign subsidiary. No statistically significant correlations were found with the company's type of business activity, internationalization index (II), geographical spread index (GSI), and the numbers of total and foreign entities.

3.4 The relationships between the HQ and LS within the scope of staffing the organization

In the overwhelming majority of the companies under study, the role of MNCs' headquarters at the foreign entity level is relatively strong. Some 76,5% of them provide the detailed policies, procedures, and rules to their local subsidiaries; centralized decision making with tight control over realization is preferred by 4% of respondents. Only 5,5% of them practice the noninterventionist approach based on decentralization of decisions at the local subsidiaries' level and granting them autonomy, and 14% prefer to provide the general guidelines and framework to be implemented by their local subsidiaries. As a result, the average level of centralization for the entire research sample is $\overline{x_{STO}} = 2,79$ on the four-degree measurement scale where 1 means decentralization and 4 centralization.

When the directions of knowledge & skills flows within STO are considered, it is apparent that the flow from the HQs to the local subsidiary is of a little higher significance ($\bar{x} = 3,87$) than the flow in the opposite direction ($\bar{x} = 3,61$). Anyway, as the five-degree scale was used (1 – not important; 2 – slightly important; 3 – moderately important; 4 – important; 5 – very important), it can be said that the flows in both directions are thought to be close to important. This conclusion is based not only on the average mean but also on the analysis of evaluation structure. The value of 4 representing the importance of the flows in both directions is indicated by approximately 70% of MNCs. Interestingly, none of the MNCs reports the direction from the HQ to local subsidiary as being unimportant; in the case of the opposite direction, only 1% treats it as unimportant. Additionally,

both directions of flows are evaluated the highest (very important) only by a small percent of MNCs.

Although the internal correlations between variables describing STO are considered in the next subchapter, it is worth paying attention here to those that determine – according the title of this subchapter – the relationships between the HQ and LS within the scope of STO. A series of several correlation tests have been performed, and the results (see Table 3.3.) show that the statistically significant correlations exist between the advancement level of STO and the centralization level of STO ($r = 0,29$, at $p < 0.001$), the knowledge & skills flows from the local subsidiary to the HQ ($r = 0,50$, at $p < 0.001$), and with the flows in the opposite direction ($r = 0,30$, at $p < 0.001$). Similarly, positive correlations have been found between the contribution level of STO and the centralization of STO ($r = 0,20$, at $p < 0.01$), the knowledge & skills flows from the local subsidiary to the HQ ($r = 0,35$, at $p < 0.001$), and with the flows in the opposite direction ($r = 0,30$, at $p < 0.01$). Furthermore, the centralization level of STO is positively correlated with knowledge & skills flows both to the HQ ($r = 0,40$, at $p < 0.001$) and from the HQ ($r = 0,30$, at $p < 0.001$), and additionally, both of these directions of flows are mutually correlated as well ($r = 0,39$, at $p < 0.001$). Because all the variables discussed here are correlated, it can be concluded that in each case, when the value of one variable increases, the value of the other variable also increases.

In the subsequent correlation tests, no statistically significant correlations were found between the centralization level of STO or its directions of knowledge & skills flows, with such variables describing MNCS as the period of operation on the market, internationalization index (II), geographical spread index (GSI), number of total and foreign entities, and number of host countries. However, the ownership share of the HQs in their foreign subsidiaries is negatively associated with the centralization level of STO ($r = -0,36$, at $p = 0.00$) and with knowledge & skills flows from the HQs ($r = -0,36$, at $p = 0.00$) and to the HQS ($r = -0,51$, at $p = 0.00$). And the company's size is positively correlated only with the knowledge & skills flows to the HQ ($r = 0,15$, at $p = 0.037$). It leads to the conclusion that the smaller the ownership share of the HQs in their foreign subsidiaries, the higher the centralization level of STO and the more important the knowledge & skills flows between the HQ and the local subsidiaries.

3.5   The internal correlations between the variables describing staffing the organization

The analysis of internal correlations between the variables describing STO was preceded by a variable distribution analysis using the Kolmogorov–Smirnov (with Lilliefors correction) and the Shapiro-Wilk normality tests. The results of these tests revealed that none of the variables had normal distribution (see Table 3.2.).

Table 3.2 The results of normality tests and descriptive statistics for the variables describing STO and human factor

Variables	KS	p for KS	SW	p for SW	M	SD	SE	MIN	MAX
Advancement level of STO	0.17	<0.01	0.84	<0.001	3.76	0.48	0.03	1.71	4.71
Contribution level of STO	0.44	<0.01	0.62	<0.001	3.88	0.48	0.03	2.00	5.00
Centralization of STO	0.44	<0.01	0.63	<0.001	2.79	0.60	0.04	1.00	4.00
Knowledge & skills transfer from the HQ	0.43	<0.01	0.64	<0.001	3.87	0.59	0.04	2.00	5.00
Knowledge & skills transfer to the HQ	0.41	<0.01	0.68	<0.001	3.60	0.72	0.05	1.00	5.00
Human factor – employees	0.34	<0.01	0.73	<0.001	3.40	0.56	0.04	2.00	5.00
Human factor – managers	0.35	<0.01	0.73	<0.001	3.37	0.56	0.04	2.00	5.00

Source: Own research data.
Legend: KS – Kolmogorov–Smirnov test; SW – Shapiro – Wilk test; M – arithmetic mean; SD – standard deviation; SEM – standard error mean; MIN – minimum value; MAX – maximum value.

Table 3.3 The correlation matrix of the variables describing STO and human factor

Variables	Advancement level of STO	Contribution level of STO	Knowledge & skills transfer to the HQ	Knowledge & skills transfer from the HQ	Centralization of STO	Human factor – employees	Human factor – managers	No. of sig. r [$\Sigma r_{Max-row} = 6$; $\Sigma r_{Max-total} = 42$]
Advancement level of STO	–	0.13	0.50***	0.30***	0.29***	0.06	0.12	**3**
Contribution level of STO	0.13	–	0.35***	0.30***	0.20**	0.11	0.06	**3**
Knowledge & skills transfer to the HQ	0.50***	0.35***	–	0.39***	0.40***	0.01	0.05	**4**
Knowledge & skills transfer from the HQ	0.30***	0.30***	0.39***	–	0.30***	0.03	−0.05	**4**
Centralization of STO	0.29***	0.20**	0.40***	0.30***	–	0.11	0.13	**4**
Human factor – employees	0.06	0.11	0.01	0.03	0.11	–	0.38***	**1**
Human factor – managers	0.12	0.06	0.05	−0.05	0.13	0.38***	–	**1**
No. of sig. r [$\Sigma r_{Max-row} = 6$; $\Sigma r_{Max-total} = 42$]	**3**	**3**	**4**	**4**	**4**	**1**	**1**	**20**

Source: Own research data.

Notes

* Spearman's r significant at p < ,05.
** Spearman's r significant at p < ,01.
*** Spearman's r significant at p < ,001.

Due to the relative lack of normality distributions of the tested variables, it was decided to perform non–parametric analysis. Therefore, to verify the interrelationship between the variables under study, a series of correlation analyzes was made by Spearman's method. The outcomes are presented in Table 3.3. There are seven variables describing STO, and each of them can be correlated with six other variables in a row ($\Sigma r_{\text{Max-row}} = 6$) at the potential degree up to $r = 1.00$, which gives the total of $\Sigma r_{\text{Max-total}} = 42$.

None of the research variables reaches the highest possible number of $\Sigma r_{\text{Max-total}}$ in the entire research sample. The highest score of $\Sigma r_{\text{Max-row}} = 4$ is achieved by three variables, i.e. the centralization level of STO, the knowledge & skills flows to the HQ and from the HQ, The range of values for their correlation coefficients is in the interval between $r = .20$ (p < ,01) and $r = .50$ (p < ,001). Interestingly, the centralization level of STO is not correlated with its advancement level. Further analysis shows that, excluding mutual positive correlation between both types of human factor ($r = .38$, at p < ,001), none of them is significantly correlated with other variables describing STO. As for the correlation strength, the strongest is identified between the advancement level of STO and the knowledge & skills flows form the LS to the HQ ($r = .50$, at p < ,001). The second place takes the correlation between the centralization level of STO and the knowledge & skills flows form the LS to the HQ ($r = .40$, at p < ,001).

To sum up, the number of correlations obtained in the entire research sample is 20 out of 42 possible (≈48%), and when it comes to the value of correlation coefficient, the lowest is $r = .20$ (p < ,01), and the highest is $r = .50$ (p < ,001), so they range from rather weak to moderate.

3.6 The impact of staffing on the company's performance results – The assessment of the reflective models

3.6.1 The primary findings for all models of staffing the organization

According to the assumptions adopted in Chapter 2, five reflective measurement models for STO were built, i.e. four with particular types of company's performance results (i.e. in finance, quality, innovativeness, and HRM, respectively) and one comprehensive model with all performance results. However, before assessing these models, a correlation analysis by Spearman's method was carried out to verify the relationships between the major variables under study. As shown in Table 3.4, the company's performance results in finance are positively correlated with the advancement level of STO ($r = .22$; p < ,01), the contribution level of STO ($r = .38$; p < ,001), the centralization level of STO ($r = .21$; p < ,01), and both directions of knowledge & skills flows, i.e. to the HQ ($r = .32$; p < ,001) and from the HQ ($r = .34$; p < ,001). The results in quality exhibit one negative relationship with the advancement level of STO ($r = -.27$; p < ,001) and two positive:

Table 3.4 The results of a correlation test for the variables describing STO, human factor and company performance results

Variables		Company performance results			
		Finance	*Quality*	*Innovativeness*	*HRM*
Characteristics of STO	**Advancement level**	**0.22****	**−0.27*****	**−0.14***	0.11
	Contribution level	**0.38*****	0.09	−0.02	0.14
	Knowledge & skills transfer to the HQ	**0.32*****	**0.32*****	−0.12	0.14
	Knowledge & skills transfer from the HQ	**0.34*****	−0.13	−0.03	0.11
	Centralization level	**0.21****	**0.29*****	**−0.17***	0.14
Human factor	**Employees**	0.06	**0.18***	0.06	**0.17***
	Managers	0.02	0.09	−0.01	0.09

Source: Own research data.

Notes

*   Spearman's r significant at p < ,05.
**   Spearman's r significant at p < ,01.
*** Spearman's r significant at p < ,001.

with the centralization level of STO (r = .29; p < ,001) and with the knowledge & skills transfer to the HQ (r = .32; p < ,001). The results in innovativeness are negatively correlated with both the advancement level of STO (r = −.14; p < ,05) and the centralization level of STO (r = −.17; p < ,05). The results in HRM do not show any relationships with the variables mentioned above. As for the human factor as a company's competitive factor, it is only HF-employees that is positively related with the company's performance results in quality (r = .18; p < ,05) and results in HRM (r = .17; p < ,05).

The assessment results of the five reflective measurement models for STO are presented in Table 3.5. All models meet the required criteria of assessment, although the model with all performance results is at the limit of acceptance in the scope of SSR criterion (*c.f.* Garson, 2016; Hair et al., 2022).

As with other models for a single HRM subfunction, here also the values of paths of four variables are common for all reflective measurement models for STO regardless of the type of company's performance results. The four variables are: the centralization level, the advancement level, and transfer of knowledge & skills form the HQ and to the HQ. The summary of their path analysis conducted in in SEM-PLS is presented in Table 3.6.

Therefore, based on this summary, we can say that in each of the five measurement models for STO, the centralization level of this HRM subfunction has no direct effect on its advancement level. However, the relationships between these two variables are mediated by both types of directions of the knowledge & skills flows, i.e. from the LS to the HQs and from the HQs to the LS. This leads to the confirmation of two research hypotheses in the scope of this HRM subfunction, i.e. H3 for the mediating effect of the flows to the HQ and H3 for the mediating effect of the flows from the HQ. This is because the advancement level of STO is under positive

Table 3.5 The assessment results of the reflective measurement models for STO

Criteria of assessment	STO models by company performance results				
	Finance	Quality	Innovativeness	HRM	All
AVIF (acceptable if ≤ 5, ideally ≤ 3.3)	1.211	1.135	1.100	1.116	1.311
GoF (small ≥ 0.1, medium ≥ 0.25, large ≥ 0.36)	0.359	0.327	0.300	0.311	0.331
SPR (acceptable if ≥ 0.7, ideally = 1)	0.917	1.000	1.000	1.000	0.875
RSCR (acceptable if ≥ 0.9, ideally = 1)	1.000	1.000	1.000	1.000	0.993
SSR (acceptable if ≥ 0.7)	1.000	0.750	1.000	1.000	0.625
NLBCDR (acceptable if ≥ 0.7)	0.833	0.833	0.833	0.833	0.792

Source: Own research data.

Table 3.6 Path analysis summary in SEM–PLS for variables with common values in all STO models

Variables: Relationships in paths	β – Path coefficient	p-value	Std. error	T ratios
Centralization level → Transfer to the HQ	0.357	<0.001	0.066	5.411
Centralization level → Transfer from the HQ	0.261	<0.001	0.067	3.879
Centralization level → Advancement level	0.106	0.065	0.069	1.523
Transfer to the HQ → Advancement level	0.417	<0.001	0.065	6.384
Transfer from the HQ → Advancement level	0.230	<0.001	0.068	3.394

Source: Own research data.

direct impacts of the flows to the HQ (β = .42; p < 0.001) and from the HQ (β = .23; <0.001), which additionally allows to recognize hypothesis H2 as true for these two direct impacts of the knowledge & skills flows.

3.6.2 The reflective measurement model for staffing the organization with results in finance

The explanatory capability of the reflective measurement model for the latent variable STO with results in finance is moderate (see Table 3.7). The variation of the effect (reflective) indicators that are assumed to be affected by a common underlying latent variable, i.e. the advancement level of STO, is explained in about 40% (R^2 = 0.37). Additionally, the model exhibits predictive relevance value (in–sample predictive power) for this latent variable construct (Q^2 = 0.36). Some meaningful observations can be also made with regard to the contribution level of STO. Here, the variation of variables is explained in 18% (R^2 = 0.18), and the predictive relevance is identified as well (Q^2 = 0.17). At the same time, the variation of variables in the performance results in finance is explained in 15% (R^2 = 0.15), and the predictive relevance is identified as well (Q^2 = 0.14).

Further analysis shows that the latent variable STO in the model with results in finance has a significant positive effect only on one of its in-dicators, i.e. the company's financial performance (β = 0.38; p < 0.001). However, at the same time, the company's performance results in finance have a positive impact on the evaluation of the contribution level of STO to these results (β = 0.40; p < 0.001). As presented in Table 3.8, no other effects of the variables under study have been identified.

Figure 3.1 presents the research model for the latent variable of STO with results in finance and the relationships verified through the path coefficients and their referred meanings. It's evident that, contrary to the adopted as-sumptions, both the advancement level of STO and the performance results in finance do not affect the evaluation of the human factor as a company's

Table 3.7 Latent variable coefficients for STO and performance in finance: Explanatory capability and in-sample predictive power

Coefficient	Knowledge & skills transfer to the HQ	Knowledge & skills transfer from the HQ	Advancement level of STO	Contribution level of STO	Human factor – employees	Human factor – managers	Performance results in finance
R^2	0.128	0.068	0.373	0.177	0.001	0.009	0.145
Q^2	0.128	0.067	0.364	0.173	0.004	0.010	0.137

Source: Own research data.

Interpretation:

R^2 – The amount of variance explained in the construct (very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67).

Q^2 – The predictive capability based on blindfolding procedure (predictive relevance if > 0.00).

Table 3.8 Path analysis summary in SEM-PLS for STO and company performance in finance

Variables: Relationships in paths	β − Path coefficient	p-value	Std. error	T ratios
Advancement level → Performance results in finance	0.381	<0.001	0.066	5.796
Advancement level → Contribution level	0.054	0.219	0.070	0.777
Advancement level → Human factor: employees	0.014	0.422	0.071	0.197
Advancement level → Human factor: managerial staff	0.099	0.078	0.069	1.424
Performance results in finance → Human factor: employees	0.031	0.331	0.070	0.438
Performance results in finance → Human factor: managerial staff	−0.021	0.386	0.070	−0.291
Performance results in finance → Contribution level	0.397	<0.001	0.066	6.061

Source: Own research data.
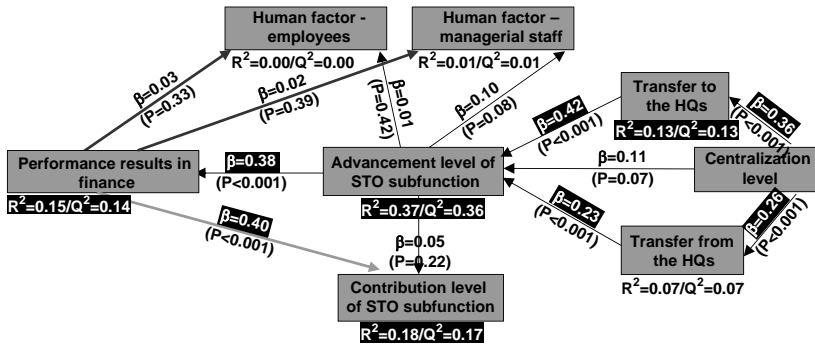
Figure 3.1 The reflective measurement model for a latent variable of STO with performance results in finance.

Source: Own research data.

Note: ■ – Statistically meaningful observations.

competitive factor. Thus, neither the evaluation of managerial competencies nor the evaluation of knowledge & skills of employees depends on the advancement level of this HRM subfunction or the company's financial performance. When it comes to the evaluation of the contribution level of this HRM subfunction to the company performance results in finance, it is under the positive impact of these results ($\beta = -0.40$; $p < 0.001$) but with no significant impact from its own advancement level.

When verifying the specific research hypotheses developed for this model from the general hypotheses presented in Chapter 3, we can say that three of them have been supported empirically. Namely, the advancement level of STO appears to impact directly and positively on the company's performance results in finance (H4). Simultaneously, these results impact directly and positively on the evaluation of the contribution level of STO to these results (H7A), so they mediate positively the relationships between the advancement level and contribution level of STO (H10A) when considered in isolation from other types of performance results.

3.6.3 The reflective measurement model for staffing the organization with results in quality

The explanatory capability of the reflective measurement model for the latent variable STO with results in quality is moderate (see Table 3.9). The variation of the effect (reflective) indicators that are assumed to be affected by a common underlying latent variable, i.e. the advancement level of STO, is explained in about 40% ($R^2 = 0.37$). Additionally, the model exhibits predictive relevance value (in-sample predictive power) for this latent variable construct ($Q^2 = 0.36$).

Table 3.9 Latent variable coefficients for STO and performance in quality: Explanatory capability and in-sample predictive power

Coefficient	Knowledge & skills transfer to the HQ	Knowledge & skills transfer from the HQ	Advancement level of STO	Contribution level of STO	Human factor – employees	Human factor – managers	Performance results in quality
R^2	0.128	0.068	0.373	0.063	0.039	0.023	0.053
Q^2	0.128	0.067	0.364	0.067	0.040	0.025	0.054

Source: Own research data.
Interpretation:
R^2 – The amount of variance explained in the construct (very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67).
Q^2 – The predictive capability based on blindfolding procedure (predictive relevance if > 0.00).

As for the direct impact of the latent variable STO in the model with results in quality on its reflective indicators, four such impacts have been identified: one negative on the performance results in quality ($\beta = -0.23$; $p < 0.001$), and two positive, i.e. on the contribution level of STO to the performance results in quality ($\beta = 0.24$; $p < 0.001$) and on the evaluation of HF-managers as a company's competitive factor ($\beta = 0.12$; $p = 0.043$). Moreover, as shown in Table 3.10, the performance results in quality impact directly and positively on the evaluation of the contribution level of STO to this type of performance results ($\beta = 0.15$; $p = 0.017$), and on the evaluation of human factor as a competitive factor in both of its categories, i.e. HF-managers ($\beta = 0.12$; $p = 0.037$) and HF-employees ($\beta = 0.20$; $p = 0.002$).

Figure 3.2 presents the research model for the latent variable of STO with a results in quality and the relationships verified through the path coefficients and their referred meanings. It's apparent that in accordance with the assumptions adopted, the evaluation of managerial competencies is under the direct and positive impact of both the advancement level of STO and the performance results in quality. And as for the evaluation of knowledge & skills of employees, the expectations are met in half. This evaluation is impacted only by the performance results in quality. When it comes to the evaluation of the contribution level of STO to the company performance results in quality, it is under the direct positive impact of these results ($\beta = 0.15$; $p = 0.014$) and of significant impact from its own advancement level ($\beta = 0.24$; $p < 0.001$).

When verifying the specific research hypotheses developed for this model, we can say that nine of them have been supported empirically. Well, it turns out that the advancement level of STO may impact directly but negatively on the company's performance results in quality (H4), and positively on the evaluation of managerial competencies as a company's competitive human factor (H5A) and on the evaluation of the contribution level of STO to the company's performance results in quality (H6A). With regard to the company's performance results in quality, they impact directly and positively on the evaluation of the contribution level of STO to the these company's performance results (H7A), and on both the evaluation of knowledge & skills of employees (H8A for HF-employees) and the evaluation of managerial competencies (H8A for HF-managers) as a company's competitive human factor. Furthermore, these company's performance results in quality mediate positively the relationships between the advancement level of STO and the evaluation of knowledge & skills of employees (H9A for HF-employees), the evaluation of managerial competencies (H9A for HF-managers), and the evaluation of the contribution level of STO to the company's performance results in quality (H10A). Of course, all these regularities are considered in isolation from other types of performance results.

Table 3.10 Path analysis summary in SEM-PLS for STO and company performance in quality

Variables: Relationships in paths	β – Path coefficient	p-value	Std. error	T ratios
Advancement level → Performance results in quality	−0.230	<0.001	0.068	−3.399
Advancement level → Contribution level	0.239	<0.001	0.068	3.543
Advancement level → Human factor: employees	0.072	0.151	0.070	1.034
Advancement level → Human factor: managerial staff	0.120	0.043	0.069	1.729
Performance results in quality → Human factor: employees	0.202	0.002	0.068	2.971
Performance results in quality → Human factor: managerial staff	0.124	0.037	0.069	1.795
Performance results in quality → Contribution level	0.146	0.017	0.069	2.129

Source: Own research data.

Figure 3.2 The reflective measurement model for a latent variable of STO with performance results in quality.

Source: Own research data.

Note: ■ – Statistically meaningful observations.

3.6.4 The reflective measurement model for staffing the organization with results in innovativeness

The explanatory capability of the reflective measurement model for the latent variable STO with results in innovativeness is moderate (see Table 3.11). The variation of the effect (reflective) indicators that are assumed to be affected by a common underlying latent variable. i.e. the advancement level of STO, is explained in about 40% ($R^2 = 0.37$). Additionally, the model exhibits predictive relevance value (in-sample predictive power) for this latent variable construct ($Q^2 = 0.36$).

As for the impact of the latent variable STO in the model with results in innovativeness on its indicators, only one direct impact has been identified. It's about the positive impact on the evaluation of the contribution level of this HRM subfunction to the company's results in innovativeness ($\beta = 0.20$; $p = 0.002$). As shown in Table 3.12, no other effects of the tested variables have been identified.

Figure 3.3 presents the research model for the latent variable of STO with results in innovativeness and the relationships verified through the path coefficients and their referred meanings. Again, as in the case of the model with results in finance, neither the advancement level of STO nor the performance results in innovativeness impact the evaluation of human factor as the company's competitive factor. Thus, none of the evaluations of two categories of the competitive human factor depends on the advancement level of STO. As far as the evaluation of the contribution level of this HRM subfunction to the company performance results in innovativeness is concerned, it is under the positive impact of its own advancement level

Table 3.11 Latent variable coefficients for STO and performance in innovativeness: Explanatory capability and in-sample predictive power

Coefficient	Knowledge & skills transfer to the HQ	Knowledge & skills transfer from the HQ	Advancement level of STO	Contribution level of STO	Human factor – employees	Human factor – managers	Performance results in innovativeness
R²	0.128	0.068	0.373	0.043	0.003	0.009	0.004
Q²	0.128	0.067	0.364	0.048	0.004	0.011	0.006

Source: Own research data.

Interpretation:

R^2 – The amount of variance explained in the construct (very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67).

Q^2 – The predictive capability based on blindfolding procedure (predictive relevance if > 0.00).

Table 3.12 Path analysis summary in SEM-PLS for STO and company performance in innovativeness

Variables: Relationships in paths	β – Path coefficient	p-value	Std. error	T ratios
Advancement level → Performance results in innovativeness	−0.062	0.189	0.070	−0.884
Advancement level → Contribution level	0.204	0.002	0.068	2.997
Advancement level → Human factor: employees	0.028	0.343	0.070	0.404
Advancement level → Human factor: managerial staff	0.089	0.100	0.070	1.283
Performance results in innovativeness → Human factor: employees	0.045	0.261	0.070	0.642
Performance results in innovativeness → Human factor: managerial staff	−0.029	0.339	0.070	−0.414
Performance results in innovativeness → Contribution level	−0.030	0.333	0.070	−0.433

Source: Own research data.
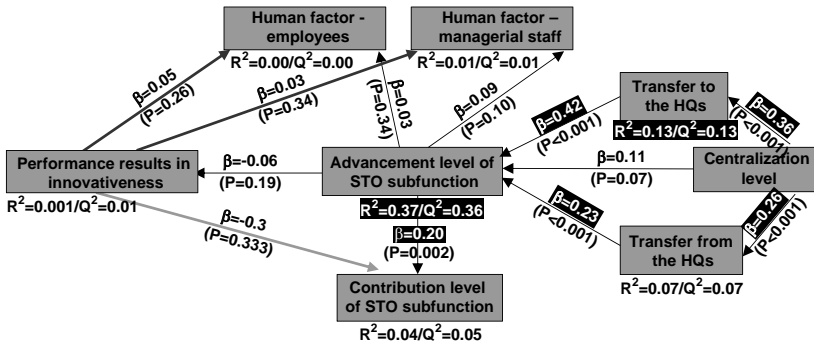
Figure 3.3 The reflective measurement model for a latent variable of STO with per-
formance results in innovativeness.

Source: Own research data.

Note: ■ – Statistically meaningful observations.

($\beta = -0.20$; p = 0.002) but with no significant impact from the perfor-
mance results in innovativeness.

The verification of the specific research hypotheses developed for this
model has revealed that only one of them can be accepted. The research
results show that the advancement level of STO impacts directly and posi-
tively on the evaluation of the contribution level of this HRM subfunction to
the company's performance results in innovativeness (H6A) when considered
in isolation from other types of performance results.

3.6.5 The reflective measurement model for staffing the organization with results in HRM

The explanatory capability of the reflective measurement model for the
latent variable STO with results in HRM is moderate (see Table 3.13). The
variation of the effect (reflective) indicators that are assumed to be affected
by a common underlying latent variable, i.e. the advancement level of
STO, is explained in about 40% ($R^2 = 0.37$). Additionally, the model
exhibits predictive relevance value (in-sample predictive power) for this
latent variable construct ($Q^2 = 0.36$).

Further analysis has revealed that the latent variable STO in the model
with results in HRM has a significant positive direct effect on two of its
indicators, i.e. on the company's performance results in HRM ($\beta = 0.17$;
p = 0.009) and on the evaluation of the contribution level of STO to these
type of performance results ($\beta = 0.20$; p = 0.002). Simultaneously, the
evaluation of the knowledge & skills of employees as a competitive factor
is under a positive direct impact of the company's performance results in
HRM ($\beta = 0.14$; p = 0.018). As shown in Table 3.14 no other effects of the
tested variables have been identified.

Table 3.13 Latent variable coefficients for STO and performance in HRM: Explanatory capability and in-sample predictive power

Coefficient	Knowledge & skills transfer to the HQ	Knowledge & skills transfer from the HQ	Advancement level of STO	Contribution level of STO	Human factor – employees	Human factor – managers	Performance results in HRM
R²	0.128	0.068	0.373	0.046	0.021	0.011	0.027
Q²	0.128	0.067	0.364	0.051	0.023	0.013	0.027

Source: Own research data.

Interpretation:

R² – The amount of variance explained in the construct (very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67.

Q² – The predictive capability based on blindfolding procedure (predictive relevance if > 0.00).

Table 3.14 Path analysis summary in SEM-PLS for STO and company performance in HRM

| Variables: Relationships in paths	β – Path coefficient	p-value	Std. error	T ratios
Advancement level → Performance results in HRM	0.165	0.009	0.069	2.407
Advancement level → Contribution level	0.195	0.002	0.068	2.861
Advancement level → Human factor: employees	0.002	0.490	0.071	0.026
Advancement level → Human factor: managerial staff	0.082	0.120	0.070	1.176
Performance results in HRM → Human factor: employees	0.144	0.018	0.069	2.100
Performance results in HRM → Human factor: managerial staff	0.055	0.215	0.070	0.792
Performance results in HRM → Contribution level	0.065	0.175	0.070	0.937

Source: Own research data.
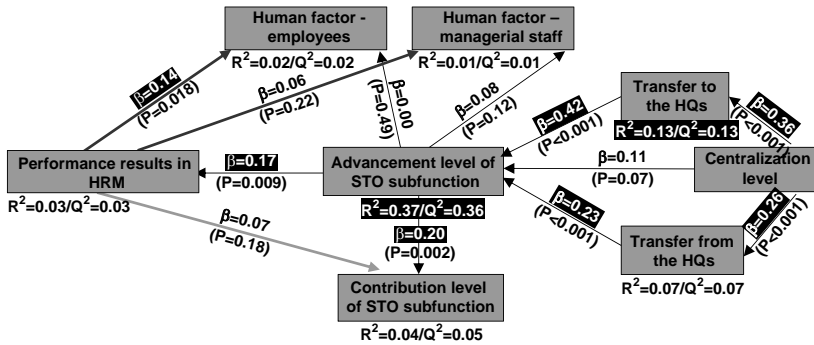
Figure 3.4 The reflective measurement model for a latent variable of STO with performance results in HRM.

Source: Own research data.

Note: ■ – Statistically meaningful observations.

Figure 3.4 presents the research model for the latent variable of STO with results in HRM and the relationships verified through the path coefficients and their referred meanings. Here, of the two categories of the competitive human factor, only the knowledge & skills of employees is under a direct positive impact of the performance results in HRM ($\beta = 0.14$; $p = 0.018$). No other impacts on human factor have been identified. Regarding the evaluation of the contribution level of STO to the company performance results in HRM, no significant relationship between these two variables has been found. The contribution level stays under a single impact of the advancement level of STO.

After the verification of the specific research hypotheses developed for this model, four of them are positively verified. First, the advancement level of STO impacts directly and positively on the evaluation of the contribution level of this HRM subfunction to the company's performance results in HRM (H6A). Second, the company's performance results in HRM mediate positively the relationships between the advancement level of STO and the evaluation of knowledge & skills of employees as a company's competitive human factor (H9A for HF-employees). Third, this is because the advancement level of STO impacts directly on the company's performance results in HRM (H4). And fourth, this is also because this type of results directly affect the evaluation of knowledge & skills of employees as a company's competitive human factor (H8A). Of course, all these findings are considered in isolation from other types of performance results.

3.6.6 The comprehensive reflective measurement model for staffing the organization with all types of performance results

The explanatory capability of the comprehensive reflective measurement model for the latent variable STO with all types of performance results is

Table 3.15 Latent variable coefficients for STO and all types of performance results: Explanatory capability and in-sample predictive power

Variable	Coefficient	
	R^2	Q^2
Knowledge & skills transfer to the HQ	0.128	0.128
Knowledge & skills transfer from the HQ	0.068	0.067
Advancement level of STO	0.373	0.364
Contribution level of STO	0.196	0.196
Human factor – employees	0.063	0.066
Human factor – managers	0.040	0.044
Performance results in finance	0.145	0.137
Performance results in quality	0.053	0.054
Performance results in innovativeness	0.004	0.006
Performance results in HRM	0.027	0.027

Source: Own research data.

Interpretation:

R^2 – The amount of variance explained in the construct (very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67).

Q^2 – The predictive capability based on blindfolding procedure (predictive relevance if > 0.00).

moderate (see Table 3.15). Similar to the previously discussed models of STO, the variation of the effect (reflective) indicators that are assumed to be affected by a common underlying latent variable, i.e. the advancement level of STO, is explained in about 40% ($R^2 = 0.37$). Moreover, the model exhibits predictive relevance value (in-sample predictive power) for this latent variable construct ($Q^2 = 0.36$). Yet another meaningful observations refers to the contribution level of STO. Here the variation of variables is explained in 22% ($R^2 = 0.20$) and the predictive relevance is found as well ($Q^2 = 0.20$).

In the case of the comprehensive reflective measurement model for the latent variable STO with all types of performance results, the further analysis has revealed that this variable impacts positively on three of its reflective variables, i.e. on the company's performance results in finance (β = 0.38; p < 0.001) and results in HRM (β = 0.17; p = 0.009), as well as on the evaluation of managerial competencies as a company's competitive factor (β = 0.13; p = 0.029). Simultaneously, the latent variable STO impact negatively on the company's performance results in quality (β = −0.23; p < 0.001). As for the evaluation of the contribution level of STO, it is impacted by three types of the company's performance results, i.e. positively by the results in finance (β = 0.38; p < 0.001) and positively by the results in quality (β = 0.14; p = 0.021), but negatively by the results in innovativeness (β = −0.13; p = 0.029). Table 3.16 shows the path analysis summary for STO and all types of company performance results.

Figure 3.5 presents the comprehensive research model for the latent variable of STO with all types of company's performance results verified through the

Table 3.16 Path analysis summary in SEM-PLS for STO and all types of company performance results

Variables: Relationships in paths	β – Path coefficient	p-value	Std. error	T ratios
Advancement level → Performance results in finance	0.381	<0.001	0.066	5.796
Advancement level → Performance results in quality	−0.230	<0.001	0.068	−3.399
Advancement level → Performance results in innovativeness	−0.062	0.189	0.070	−0.884
Advancement level → Performance results in HRM	0.165	0.009	0.069	2.407
Advancement level → Contribution level	0.081	0.124	0.070	1.159
Advancement level → Human factor: employees	0.058	0.203	0.070	0.831
Advancement level → Human factor: managerial staff	0.131	0.029	0.069	1.907
Performance results in finance → Human factor: employees	−0.032	0.326	0.070	−0.452
Performance results in quality → Human factor: employees	0.237	<0.001	0.068	3.508
Performance results in innovativeness → Human factor: employees	−0.118	0.044	0.069	−1.710
Performance results in HRM → Human factor: employees	0.162	0.009	0.069	2.371
Performance results in finance → Human factor: managerial staff	−0.059	0.199	0.070	−0.847
Performance results in quality → Human factor: managerial staff	0.184	0.004	0.068	2.690
Performance results in innovativeness → Human factor: managerial staff	−0.141	0.021	0.069	−2.050
Performance results in HRM → Human factor: managerial staff	0.095	0.087	0.069	1.363
Performance results in finance → Contribution level	0.376	<0.001	0.066	5.717
Performance results in quality → Contribution level	0.141	0.021	0.069	2.043
Performance results in innovativeness → Contribution level	−0.131	0.029	0.069	−1.901
Performance results in HRM → Contribution level	0.036	0.304	0.070	0.513

Source: Own research data.

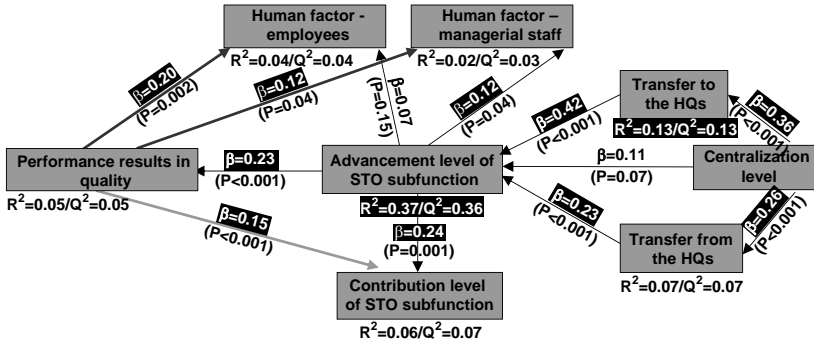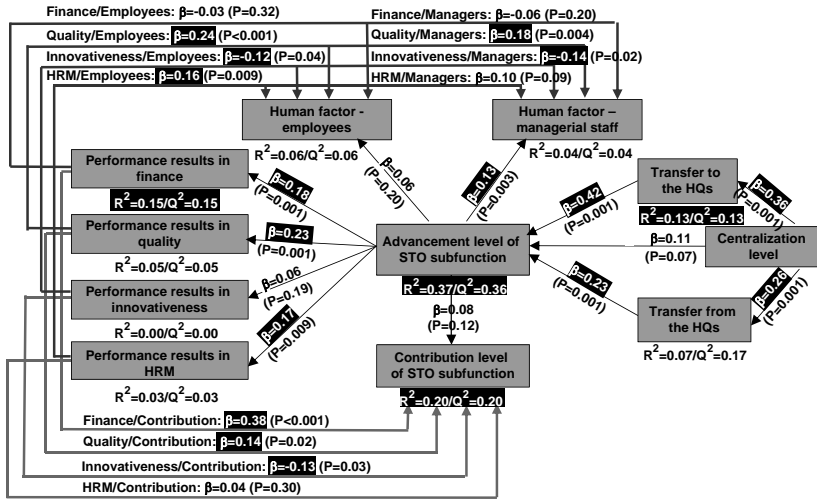*Figure 3.5* The comprehensive reflective measurement model for a latent variable of
STO with all performance results.

Source: Own research data.

Note: ■ – Statistically meaningful observations.

path coefficients and their referred meanings. In this model, when the competitive human factor is considered, the knowledge & skills of employees is impacted by three types of the company's performance results and the managerial competencies by two. As for the HF-employees, on one side, this variable is under a positive impact of both performance results in quality ($\beta = 0.24$; $p < 0.001$) and results in HRM ($\beta = 0.16$; $p = 0.009$), and on the other side, it's under a negative impact of performance results in innovativeness ($\beta = -0.12$; $p = 0.04$). As far as HF-managers is considered, it is under a positive impact of performance results in quality ($\beta = 0.18$; $p = 0.004$) and negative of results in innovativeness ($\beta = -0.14$; $p = 0.021$). When it comes to the evaluation of the contribution level of STO to the company overall performance results, it is under a positive impact of both the performance results in finance ($\beta = 0.38$; $p < 0.001$) and in quality ($\beta = 0.14$; $p = 0.021$), and negative impact of the performance results in innovativeness ($\beta = -0.13$; $p = 0.029$).

When it comes to verifying the hypotheses developed for this model (which covers all types of the company's performance results), 18 of them have been confirmed. Five concern the mediation effects. The first confirmed mediation hypothesis states that the company's performance results in finance mediate positively the relationships between the advancement level of STO and the evaluation of the contribution level of this HRM subfunction to the company's performance results (H10B for finance). It's based on the positive verification of the hypotheses in which the direct and

positive effects of the advancement level of STO on the company's performance results in finance (H4 for finance) and the direct positive effects of the performance results in finance on the advancement level of STO (H7B for finance) are confirmed. The second confirmed mediation hypothesis refers to the positive mediating role of the company's performance results in quality in the relationships between the advancement level of STO and the evaluation of the contribution level of this HRM subfunction to the company's performance results (H10B for quality). This results from the positive confirmation of a direct and negative impact of the advancement level of STO on the company's performance results in quality (H4 for quality) and a direct and positive impact of the company's performance results in quality on the evaluation of the contribution level of STO (H7B for quality). The third and fourth confirmed mediation hypotheses concern the positive mediating roles of the company's performance results in quality in the relationships between the advancement level of STO and the evaluation of the human competitive factor, including both the evaluation of knowledge & skills of employees (H9B for HF-employees) and the evaluation of managerial competencies (H9B for HF-managers). This is connected with the confirmation of a direct impact of the company's performance results in quality on both types of human factor (H8B for HF-employees and H8B for HF-managers) and the confirmation of the above mentioned hypothesis H4 for quality. And the fifth confirmed mediation hypothesis is about the positive mediating role of the company's performance results in HRM in the relationships between the advancement level of STO and the evaluation of knowledge & skills of employees as a company's competitive human factor (H9B for HF-employees). This is associated with the confirmation of a direct positive impact of the advancement level of STO on the company's performance results in HRM (H4 for HRM) and a direct positive impact of this type of results on the evaluation of knowledge & skills of employees (H8B for HF-managers).

Among the remaining empirically supported hypotheses, three indicate the positive impact of the company's performance results in innovativeness on the evaluation of the contribution level of STO to these performance results (H7B for innovativeness), and on the evaluation of both categories of the human competitive factor, i.e. knowledge & skills of employees (H8B for quality and HF-employees) and managerial competencies (H8B for quality and HF-managers). And the last supported hypothesis describes a positive direct impact of the advancement level of STO on the evaluation of managerial competencies as a company's competitive human factor (H5B for HF-managers).

3.7 A concise summary of the research findings in the scope of staffing the organization

Staffing the organization (STO) can be considered in a wider and narrower scope. In a broader sense, it can cover various HRM subfunctions, and for

this reason, it can be treated as a miniature of HRM slightly reduced in its contents. In a narrower sense, it can include three main categories of activities, understood also as phases, such as i.e. recruitment, selection, and placement, which are aimed at obtaining the right people for the organization and fulfilling the vacancies in the appropriate way so that a company can function efficiently and continuously.

The importance of staffing for the organization is reflected in many areas of its functioning. It allows the company to successfully fulfill its mission, realize its strategies, and reach its goals; hence, it can enable a company to acquire a sustainable competitive advantage. In this context, the goal of STO is to match the qualifications, competencies, and expectations of the job candidates with the needs of the organizations and opportunities they offer. To the extent that the match is good, it will likely have a positive impact on HRM outcomes, which then contribute to the company's performance and outcomes. However, staffing the organization has changed significantly over the past two decades due to the evolving expectations of employees toward the companies and their employment offers, more employee-oriented legal regulations, workforce mobility, tightening labor markets, and increasing use of new ICT technologies.

Staffing the organization may cover various types of HRM activities that aim to bring new people into the organization (form external labor market) or current employees into their new positions (from internal labor market) and make sure that they serve as valuable assets to the workforce. In the conceptual development undertaken in this monograph for research purposes, such activities cover seven components, which are listed in Table 3.1.

Summarizing the most important research findings presented in this chapter, it is worth recalling that the overall mean value of the advancement level of STO in the research sample is rather high. Moreover, the advancement levels of particular components are evaluated in a similar way. When business strategies are considered, the advancement level of STO is appraised a little lower in the MNCs applying growth strategies with comparison to the organizations realizing simultaneously growth & stability strategies. The lowest rating is obtained in companies with stability & retrenchment strategies. This may suggest that in organizations that are not oriented toward business extension or are forced to reduce their businesses, the advancement level of STO doesn't constitute their primary subject of interest, and this is not surprising from the point of view of organization management logic. As for the contribution of STO to the business performance results, on average, it appears to be relatively high as well, although it reaches the highest mean value in the MNCs that realize growth business strategies.

The role of MNCs' headquarters at the foreign entity level is relatively strong. In most cases, it relies on providing the detailed policies, procedures, and rules from the HQ to the local subsidiaries. It can be said that STO shows more centralization than decentralization features. When the

directions of knowledge & skills flows within STO are considered, it is visible that the flow from the HQs to the local subsidiary is of a little higher significance than the flow in the opposite direction. Anyway, both of these directions are thought to be close to important in their average meaning.

With regard to the five reflective measurement models developed for the latent variable STO, each meets the assessment criteria, exhibits predictive relevance value, and their predictive capability is moderate. In each of them, the centralization level of this HRM subfunction has no direct effect on its advancement level. However, the relationships between these two variables are mediated by both types of directions of the knowledge & skills flows, i.e. from the LS to the HQs and from the HQs to the LS. It follows that the above-mentioned centralization practices are largely based on the mutual flow of knowledge & skills, including knowledge-sharing about the local conditions and specificities, as well as delivering control reports. In any case, both directions of flows have positive direct impact on the advancement level of STO.

The advancement level of STO has a positive direct impact on the company's performance results in finance and HRM, negative direct impact on the results in quality but has no significant impact on results in innovativeness. When straight correlations are analyzed, it is even observable that the higher the advancement level of STO, the lower the company's results in quality and innovativeness. This may suggest that the content and configuration of particular components of STO, together with their advancement levels, are not properly tailored with the company's quality and innovativeness measures, or there is a gap between what is expected of STO and how the practices used in it are associated with expectations in terms of quality and innovation. However, it should be remembered that such an interpretation is limited because it is based on *ceteris paribus*, and yet there may be many other variables that shape the examined fragment of organizational reality. But from the managerial perspective, such research findings seem to be important. They show that even increasing the advancement level of STO will not increase the company's results in quality and innovativeness. So, in business practice, to use this HRM subfunction as a human driver of better results in these two types of business results, the better fit between this subfunction and the expected outcomes is recommended.

A juxtaposition of the data on the strategies used by the MNCs with the evaluation of the contribution level of STO to the company's performance results leads to some additional conclusions. Namely, the research shows that the contribution level of STO is evaluated higher in organizations that apply growth strategies (the majority of respondents) as compared to organizations following other strategies. This usually demands more intensive staffing practices to support business extension and gain expected better financial profits. This may mean a greater interest in the financial results of performance than others. Such a conclusion may be also confirmed by the

fact that performance results in finance positively influence the evaluation of the contribution level of STO to these results; at the same time, they mediate positively the relationships between the advancement level and contribution level of STO. And again, as the research data were collected at the HQs, this may suggest that the managerial staff at the HQs is more interested in strengthening the impact power of STO on the financial results than other results. This phenomena can be also a result of the centralization practices mentioned previously.

Interestingly, with regard to the human factor, it's evaluation as a company's competitive factor in both categories (non-managerial and managerial) is not affected by the performance results in finance but it's under a significant impact of performance results in quality. Additionally, the advancement level of STO impacts significantly on the evaluation level of managerial competencies as a human competitive factor in the reflective measurement model for a latent variable of STO with performance results in quality and in the comprehensive reflective measurement model for this latent variable with all performance results. All this may suggest that neither the value of employees nor managers due to their knowledge, skills or competences is appraised exclusively by means of financial measures or the level of offered solutions in the area of STO. We can risk the formulation of the conclusion that although financial results are one of the most important performance outcomes for the organization, the human side of business also matters.

Finally, it can be summarized that the latent variable STO in the comprehensive model with all types of performance results turns out to be a good predictor for such reflective variables as performance results in finance, performance results in quality, performance results in HRM, and the evaluation of managerial competencies as a company's competitive factor.

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4 Elevation of Employee Positive Workplace Experience

4.1 The conceptual construct of shaping employee work engagement & job satisfaction (SEWE&JS)

The main subject of interest in this chapter is shaping employee work engagement and job satisfaction (SEWE&JS), which, in its theoretical part, will be discussed in a broader context of elevating employee positive workplace experience. This broader context results from the observation that what we are witnessing today is a shift from a service economy to an experience economy, where satisfactory services or goods are no longer sufficient. What customers increasingly want are experiences – memorable events that engage each individual in an inherently personal way. The same goes for employees. Companies are expected to create and stage such offerings through an employee experience that is equally personal, memorable, and, of course, engaging. The assumption is that it is a self-reinforcing loop where a better employee experience leads to the creation of a better experience for customers, which feeds back to enabling a more engaging employee experience (Morgan & Goldsmith, 2017). So what matters in today's experience economy is engagement (Pine, 2020). Positive employee experience can drive higher employee engagement and satisfaction. Some companies are even using employee-experience design (the concept rooted in design thinking), which is a methodology for creating positive experiences for employees. This methodology involves comprehensive understanding of employee needs in–depth, brainstorming ways to meet those needs and rapidly testing ideas (Tucker, 2020; Bridger & Gannaway, 2021).

As a result, the interest in employee experience is the most recent trend in HRM practice (Mahadevan & Schmitz, 2020: 518;) that has gained momentum with the publication of the influential HR trend reports by global consulting companies (Bersin et al., 2016), and its intensification has gained a special character during the COVID-19 pandemic (Yadav & Vihari, 2021). Stemming from the customer-experience concept in marketing (Tucker, 2020) and partly user-experience concept in IT (Malik et al., 2020), employee experience in its general sense is understood as the sum of the perceptions employees have about their interactions with the

organization in which they work that are influenced by their expectations and individual experiences (Maylett & Wride, 2017:12–13). In the Gallup research, employee experience – in its somehow processual sense – is defined as the entire journey an employee takes with an organization. This journey includes everything from pre-hire to post-exit interactions and all the steps in between. It also includes things like the physical workplace, relationships with coworkers, and the ways a job supports one's overall well-being. However, employees' interactions with their manager make one of the most important factors for success in all stages of the employee journey (Barry et al., 2021).

Researchers argue that the behavior of employees depends not only on their objective environment, but also on their perceptions of it based on experience. Several studies have shown that employees' attitudinal and behavioral responses are closely related to their experiences of HRM practices; their performance of beneficial meaning to the company materializes when employees positively experience HRM activities (Meijerink et al., 2021:396). Experience was also seen as both a source and a way of competencies construction in workplace learning that can be used by both the employer and the employee (Paloniemi, 2006). What is more, the research shows that employment experience positively influence employees' endorsement of their employer, and culture, values, and career opportunities are the most significant variables in generating positive employee recommendations (Eilam-Shamir, & Yaakobi, 2014; Saini & Jawahar, 2021). Thus, the capacity to achieve the positive HRM outcomes, and ultimately, expected organizational performance results, is a function of the quality of the employee experience (Brown et al., 2010). Employee experience thus serves to establish a direct link between HR, organizational performance, and market success (Mahadevan & Schmitz, 2020:527).

The quality of employee experiences has a direct influence on employee satisfaction, engagement, commitment and, in the end, performance (Plaskoff, 2017:137). In this chapter, the main assumption is that employee job satisfaction and work engagement are the outcomes of employee experience. Simultaneously, job satisfaction is defined as the overall degree to which an employees enjoy their job (Price & Mueller, 1981). It is the result of an employee's perception of how well their job delivers those things viewed as important. However, job satisfaction is usually viewed as a short-term measure since it can be affected by temporary events (Locke, 1976). In the case of engagement, numerous studies are devoted to an in-depth analysis of its various definitions, practiced approaches (see Shuck et al., 2017), the concept of engagement itself, its components and methods of influence (cf. Rogozińska-Pawelczyk, 2014; Farndale, 2017), dimensions, models, and measures (cf. Gupta & Sharma, 2016), and the prospects for mutual benefits of organizations and employees resulting from their engagement (see Eldor & Vigoda-Gadot, 2017; Byrne, 2022). However, one thing seems to be common. Engagement is consistently shown as

something given by the employee that can benefit the organization through commitment and dedication, advocacy, discretionary effort, using talents to the fullest, and being supportive of the organization's goals and values. Engaged employees feel a sense of attachment toward their organization, investing themselves not only in their role but also in the organization as a whole (Robertson-Smith & Markwick, 2009). In this context, work engagement means a positive organizational behavior construct, which is defined by many as a positive, fulfilling, work-related state of mind and is characterized by vigor, dedication, and absorption (Schaufeli et al., 2006). Much of the academic research on engagement has been inspired by the definition proposed by W. A. Kahn over 30 years ago. He defined engagement in terms of a psychological state as the harnessing of organization members' selves to their work roles. In this view, people employ and express themselves physically, cognitively, and emotionally during role performances (Kahn, 1990: 694). Generally, the outcomes of the research on employee engagement lead to the conclusion that it is positively correlated with the organizational commitment of employees (Meyer & Allen, 1991), affects their satisfaction, the level of rotation in the organization (Harter et al., 2002), the individual and team performance, productivity (Shuck et al., 2017), customer service and satisfaction, shows associations with the number of accidents at work (Harter et al., 2002; Wollard & Shuck, 2011), or with company performance (Harter et al., 2003; Hooi, 2019) and organizational development (Wollard & Shuck, 2011). These phenomena are observed both in home and international companies (Taipale et al., 2011; Farndale & Murrer, 2015).

In any case, satisfaction and engagement differ in their predictive power over business outcomes. Satisfaction is a weaker predictor and lacks the two-way reciprocal relationship characteristic of engagement (Robertson-Smith & Markwick, 2009). What is more, sometimes they do not overlap. In practice, engaged employees may be sometimes unhappy, but they remain engaged because they are driven by values that are more important than simply being satisfied with their job. So, when elevating employee positive workplace experience, it is important to focus more on the drivers of engagement than on satisfaction measures. In this book, employee work engagement is understood as a specific attitude of an employee and the resulting behavior characterized by identification with organizational goals and values, taking actions consistent with the organization's interests, willingness to belong to the organization, readiness to act giving high rank to the company's interests, undertaking activities that go beyond the standards, with simultaneous readiness for responsibility in the conditions of independent action (Stor & Haromszeki, 2020:54). It is a kind of compiled definition of selected authors (see Juchnowicz, 2010: 35–36; Jenkins & Delbridge, 2013: 2671; Juchnowicz, 2014: 389) adopted for the research purposes.

At this point, it is worth mentioning that the concept of quiet quitting, which was coined by the economist Mark Boldger in 2009 (Hitt, 2022), has

recently made a big sensation through Tik Tok users. Quiet quitting is perceived as a social trend and some commentators even believe that it is the next stage of the Great Resignation (Klotz & Bolino, 2022) discussed in Chapter 6. Quiet quitting is not about outright giving up work, but it means quitting the idea of going above and beyond work, giving up a certain cult of work, giving up the belief that work is the most important value in life. It is the abandonment of ambitions that go beyond basic job responsibilities. Employees begin to set limits in the professional environment, quit performing additional tasks. They become more rational in the performance of their work and want to achieve a work–life balance. At the same time, priorities change, it is important to counteract burnout and take care of your own mental health. Many quiet quitters fit Gallup's definition of being not engaged at work – people who do the minimum required and are psychologically detached from their job. So, quiet quitting is one of the symptoms of poor HRM.

The way employees experience or perceive their employers' HRM strategies influences their attitudes and behaviors. Studies of engagement drawn on social-exchange theory suggest that people will become engaged with their work through investing intellectual effort, experiencing positive emotions, and meaningful connections with others when antecedents are in place that signal to employees that they are valued and trusted (Alfes et al., 2013). Organizations with higher engagement levels tend to have lower employee turnover, higher productivity, higher quality service to customers, client loyalty and satisfaction, higher total shareholder returns, and better financial performance results. Thus, employee engagement boosts the organization's bottom line by giving it a competitive advantage (Baumruk, 2006; Eldor & Vigoda-Gadot, 2017; Shuck, 2020). The literature includes some commonly referenced drivers of engagement, such as the nature of the work performed, work that has a clear meaning and goal, developmental opportunities, receiving timely recognition and rewards, creating respectful and assertive relationships, participative management style, participating in open two-way communication systems, and inspiring leadership (Robertson-Smith & Markwick, 2009; Arrowsmith & Parker, 2013; Hsieh & Wang, 2015; Veth et al., 2019).

All this leads to the conclusion that it is reasonable to use **the concept of shaping employee work engagement and job satisfaction** (cf. Juchnowicz, 2012:15), and assume for the purposes of this monograph that this shaping involves activities that are intended to stimulate employee engagement and satisfaction in such a way as to achieve the organization's goals and ensure its success by creating friendly working conditions. The literature recommends various measures in this regard. These include: entrusting workers with duties and tasks that allow maximum use of their competencies and aspirations, offering attractive career paths, creating professional development opportunities, creating esteem-based and authentic organizational leadership (Popli & Rizvi, 2016), conducting fair and

honest employee appraisal, offering salaries through a transparent and un-derstandable compensation system, applying non-financial forms of ap-preciating employees (Demerouti & Cropanzano, 2010: Stankiewicz & Moczulska, 2013), creating the conditions for their independent operation (Juchnowicz, 2010:166; Moczydłowska & Kowalewski, 2014:98), mani-festing concern for work-life balance and well-being (Attridge, 2009), building a good atmosphere of work (Dollard & Bakker, 2010), developing the organizational climate and building friendly, partner relationships with immediate superiors (Alfes et al., 2013), and communicating based on mutual trust between superiors and subordinates (Mishra et al., 2014). The range of possible solutions is therefore wide.

Summarizing, it can be said that the elevation of employee positive workplace experience may cover various types of HRM activities aimed at developing and sustaining employee work engagement and job satisfaction. In the conceptual development undertaken in this book, such activities cover 11 components, which are listed in Table 4.1. To assess their internal consistency within the questionnaire on SEWE&JS, Cronbach's alpha, as a measure, was used. The reliability analysis covered 11 five-point scale items (components of SEWE&JS presented in Table 4.1.). Cronbach's alpha showed the questionnaire to reach good reliability, $\alpha = 0.699$. All items appeared to be worthy of retention, resulting in a decrease in the alpha if deleted.

Table 4.1 The ranking of the mean values of the advancement levels of particular components of SEWE&JS

No.	Components of shaping employee work engagement & job satisfaction	Mean ($\bar{x}$)
1.	Including employees in the decision-making process	4,21
2.	A clear, understandable and transparent compensation system	3,67
3.	Delegating powers and creating conditions for greater autonomy, including taking responsibility by employees	3,63
4.	Assigning employees with tasks that challenge them, allowing them to maximize the use of their competences and aspirations	3,56
5.	Employees can use various forms of training & development	3,54
6.	Good examples of leadership from symbolic leaders	3,52
7.	Attractive career paths tailored to the expectations of employees	3,51
8.	Showing concern for the health and well-being of employees	3,50
9.	Managers and the organization care about good interpersonal relations between employees	3,49
10.	Praise and recognition from superiors in various forms, from congratulatory letters to financial rewards	3,41
11.	Managers listen to their direct subordinates; their good suggestions are taken into account	3,29
Overall mean ($\overline{x}_{SEWE\&JS}$)		**3,58**

Source: Own research data.
The evaluation scale for advancement level.
1 – very low; **2** – low; **3** – average; **4** – high; **5** – very high.

4.2 The advancement level of the practices applied in SEWE&JS

The overall mean value of the advancement level of SEWE&JS in the research sample is rather high. It falls between 3 and 4 ($\overline{x_{\text{SEWE\&JS}}}$ = 3,58) on the five-degree measurement scale, which is presented at the bottom of Table 4.1.

From the same table, we can find out that among 11 elements composing SEWE&JS, the inclusion of employees in the decision-making process reaches the highest value of $\bar{x}$ = 4,21. The second position is occupied by a clear, understandable, and transparent compensation system ($\bar{x}$ = 3,67), and the third is held is by delegating powers and creating conditions for greater autonomy, including taking responsibility by employees ($\bar{x}$ = 3,63).

The analysis of the collected data by the percentage share of responses leads to the conclusion that none of the advancement levels of particular components of SEWE&JS was evaluated as very low; on average, only about 2% of MNCs considered them low. In most cases, the rating range is between average and very high. But within each component, a percentage of responses indicated a very high rate.

When business strategies are considered, the advancement level of SEWE&JS is appraised a little lower in the MNCs applying growth strategies (N = 168; $\bar{x}$ = 3,58) when compared to the organizations realizing simultaneously growth & stability strategies (N = 45; $\bar{x}$ = 3,61) and stability & retrenchment strategies (N = 32; $\bar{x}$ = 3,61). This may suggest that in organizations focused on business extension, it is more difficult to create such SEWE&JS solutions that keep up with the company's growth needs. Business growth processes can be very dynamic, and this may constitute a certain obstacle in the flexible adaptation of SEWE&JS activities to the emerging circumstances.

The subject of research interest was also to identify the potential relationships between the selected variables characterizing the MNCs and the advancement level of SEWE&JS. The statistical analysis showed that this level is positively correlated with the company's size (r = 0,32, at p = 0.00) and period of its operation (r = 0,27, at p = 0.00). It means that the bigger the company and the longer it functions on the market, the higher the advancement level of SEWE&JS. However, the statistical analysis didn't reveal any statistically significant correlations between the advancement level of SEWE&JS and such variables as the company's type of business activity, the ownership share of the HQs in their foreign subsidiaries, internationalization index (II), geographical spread index (GSI), number of total and foreign entities, and number of host countries.

4.3 The contributive role of SEWE&JS in the organizational performance

Based on the five-degree measurement scale (1 – not important; 2 – slightly important; 3 – important; 4 – very important; 5 – of critical significance),

the significance of shaping employee work engagement and job satisfaction to the company's performance results reached the highest mean value in the MNCs that realized stability & retrenchment business strategies (N = 32; $\bar{x}$ = 3,97). This HRM subfunction contribution to the business performance appears to be more important here than in the MNCs that applied growth strategies (N = 168; $\bar{x}$ = 3,20) and a combination of growth & stability strategies (N = 45; $\bar{x}$ = 3,27). The mean for the entire sample of MNCs it is $\overline{x_{SEWE\&JS}}$ = 3,48.

As for the structure of evaluations of SEWE&JS contribution to the company's performance results, none of the MNCs considered this contribution as unimportant; only for 2% of them was it slightly important. For 7%, it was of critical significance, and the rest of the responses are split into being important and very important, with the former predominating.

When the structure of the evaluations is analyzed by the business strategies, the distribution of ratings looks very similar for companies that followed growth strategies and growth & stability strategies. The prevailing rate is important (indicated by 80% of MNCs). Interestingly, in the companies that implemented stability & retrenchment strategies, the dominant values of evaluation were 4 (very important) and 5 (of critical significance), as selected by 42% and 29% of respondents, respectively.

Similarly, as was done in the case of the advancement level, the collected data was analyzed in search of relationships between the significance of SEWE&JS to the MNCs' performance results and the selected variables characterizing these organizations. No statistically significant correlations were found with the company's size, period of its operation, type of business activity, internationalization index (II), geographical spread index (GSI), number of total and foreign entities and number of host countries. The only correlation was found with the ownership share of the HQs in their foreign subsidiaries (r = 0,34, at p = 0.00). The interpretation is that the greater the ownership share in the local subsidiary, the higher the evaluation of the contribution level of SEWE&JS to the MNCs' performance results.

4.4 The relationships between the HQ and LS within the scope of SEWE&JS

The overwhelming majority of the MNCs' headquarters don't practice full hands-off policies within SEWE&JS. The noninterventionist approach based on decentralization of decisions at the local subsidiary's level and granting it autonomy is popular only in 4% of MNCs. The decisive role of the HQs is evident in other cases, albeit with different degrees of centralization. In 51% of them, the HQs formulate the general guidelines and

framework to be implemented by their local subsidiaries, whereas 40% provide detailed policies, procedures, and rules. And the centralized decision making and tight control over realization is preferred by 5% of respondents. As a result, the average level of centralization for the entire research sample is $\overline{x_{SEWE\&JS}} = 2{,}47$ on the four-degree measurement scale where 1 means decentralization and 4 centralization.

When the directions of knowledge & skills flows within SEWE&JS are considered, it is apparent that the flow from the HQs to the local subsidiary is of a little higher significance ($\bar{x} = 3{,}19$) than the flow in the opposite direction ($\bar{x} = 2{,}93$). Anyway, as the five-degree scale was used (1 – not important; 2 – slightly important; 3 – moderately important; 4 – important; 5 – very important), it can be said that the flows in both directions are thought to be moderately important. This conclusion is based not only on the average mean but also on the analysis of evaluation structure. The moderate importance of the flows in both directions is indicated by approximately 80% of MNCs. Interestingly, none of the MNCs reports these directions of flows as being unimportant, and only a small percentage of them admitted that these flows are very important.

Although the internal correlations between variables describing SEWE&JS are considered in the next subchapter, it is worth paying attention here to those that determine – according the title of this subchapter – the relationships between the HQ and LS within the scope of SEWE&JS. Namely, several correlation tests have been performed, and in one such test, no statistically significant correlation has been found with regard to the directions of the knowledge & skills flow within SEWE&JS between the HQs and local subsidiaries. In some other tests (see Table 4.3.), it was discovered that the advancement level of SEWE&JS is correlated with the knowledge & skills flows from the local subsidiary to the HQ ($r = 0{,}18$, at $p < 0.01$) but not with flow in the opposite direction. Alternatively, in the case of the contribution level of SEWE&JS, the relationships are reverse, i.e. the contribution level is correlated with the flows from the HQ to the local subsidiary ($r = 0{,}32$, at $p < 0.001$) but not with the opposite direction of the flow. So, it seems that the more intensive the knowledge & skills flows from the local subsidiary to the HQs, the higher the advancement level of SEWE&JS. And respectively, the more intensive the knowledge & skills flows from the HQs to the local subsidiary, the higher the contribution level of SEWE&JS to the company's performance results appears to be. Additionally, when the relationships with the centralization level of SEWE&JS are analyzed, it can be concluded that the higher the level of this centralization, the lower the advancement level of SEWE&JS, whereas its contribution level is higher.

It's worth mentioning that no statistically significant correlations were found between the centralization level of SEWE&JS as well as its directions of knowledge & skills flows with such variables describing MNCS as

internationalization index (II), geographical spread index (GSI), number of total and foreign entities, and number of host countries. One correlation was identified between the significance of knowledge & skills flows for the HQ to the local subsidiary and the ownership share of the HQs in their foreign subsidiaries (r = 0,27, at p = 0.00). So, the greater this share, the more important this direction of flows.

4.5 The internal correlations between the variables describing SEWE&JS

The analysis of internal correlations between the variables describing SEWE&JS was preceded by a variable distribution analysis using the Kolmogorov–Smirnov (with Lilliefors correction) and the Shapiro-Wilk normality tests. The results of these tests revealed that none of the variables had normal distribution (see Table 4.2.).

Due to the relative lack of normality distributions of the tested variables, it was decided to perform non-parametric analysis. Therefore, to verify the interrelationship between the variables under study, a series of correlation analyzes was made by Spearman's method. The outcomes are presented in Table 4.3. As in the case of staffing, discussed in the previous chapter, seven variables describe SEWE&JS, and each of them can be correlated with six other variables in row ($\Sigma r_{\text{Max-row}}$= 6) at the potential degree up to $r = 1.00$, which gives the total of $\Sigma r_{\text{Max-total}} = 42$.

None of the research variables reaches the highest possible number of $\Sigma r_{\text{Max-total}}$ in the entire research sample. The highest score of $\Sigma r_{\text{Max-row}}$= 4 is achieved by the centralization level of SEWE&JS. The range of values for the correlation coefficients is in the interval between $r = .- 17$ (p < ,05) and $r = .20$ (p < ,01). As mentioned in the previous subchapter, the centralization level is negatively correlated with the advancement level of SEWE&JS. Further analysis shows that the increase in the centralization level is associated with the increase in the evaluation of the contribution role of SEWE&JS in company's performance and the higher evaluation of both managerial competencies and knowledge & skills of employees treated as a competitive human factor. Moreover, these two components of the competitive human factor are mutually related at $r = .38$ (p < ,001), which is the strongest correlation in the whole pool and can be interpreted as moderate. As for the correlation strength, the second place takes the correlation between the contribution level of SEWE&JS and knowledge & skills transfer from the HQ with $r = .32$ (p < ,001).

To sum up, the number of correlations obtained in the entire research sample is 14 out of 42 possible (≈33%), and when it comes to the value of correlation coefficient, the lowest is r = .−17 (p < ,05), and the highest is r = .38 (p < ,001), so they range from rather weak to moderate.

Table 4.2 The results of normality tests and descriptive statistics for the variables describing SEWE&JS and human factor

Variables	KS	p for KS	SW	p for SW	M	SD	SE	MIN	MAX
Advancement level of SEWE&JS	0.14	<0.01	0.97	<0.001	3.70	0.30	0.02	2.91	4.64
Contribution level of SEWE&JS	0.41	<0.01	0.69	<0.001	3.17	0.61	0.04	2.00	5.00
Centralization of SEWE&JS	0.42	<0.01	0.68	<0.001	2.23	0.57	0.04	1.00	4.00
Knowledge & skills transfer from the HQ	0.45	<0.01	0.61	<0.001	3.19	0.52	0.04	2.00	5.00
Knowledge & skills transfer to the HQ	0.42	<0.01	0.59	<0.001	2.92	0.47	0.03	2.00	5.00
Human factor – employees	0.34	<0.01	0.73	<0.001	3.40	0.56	0.04	2.00	5.00
Human factor – managers	0.35	<0.01	0.73	<0.001	3.37	0.56	0.04	2.00	5.00

Source: Own research data.
Legend: KS – Kolmogorov–Smirnov test; SW – Shapiro – Wilk test; M – arithmetic mean; SD – standard deviation; SEM – standard error mean; MIN – minimum value; MAX – maximum value.

Table 4.3 The correlation matrix of the variables describing SEWE&JS and human factor

Variables	Advancement level of SEWE&JS	Contribution level of SEWE&JS	Knowledge & skills transfer to the HQ	Knowledge & skills transfer from the HQ	Centralization of SEWE&JS	Human factor – employees	Human factor – managers	No. of sig. r [$\Sigma r_{Max\text{-}row}$ = 6; $\Sigma r_{Max\text{-}total}$ = 42]
Advancement level of SEWE&JS		0.02	0.18**	0.00	−0.17*	−0.07	−0.03	2
Contribution level of SEWE&JS	0.02		0.04	0.32***	0.20**	0.11	0.14	2
Knowledge & skills transfer to the HQ	0.18**	0.04		0.13	0.02	0.04	0.05	1
Knowledge & skills transfer from the HQ	0.00	0.32***	0.13		0.07	0.08	0.01	1
Centralization of SEWE&JS	−0.17*	0.20**	0.02	0.07		0.19**	0.18*	4
Human factor - employees	−0.07	0.11	0.04	0.08	0.19**		0.38***	2
Human factor - managers	−0.03	0.14	0.05	0.01	0.18*	0.38***		2
No. of sig. r [$\Sigma r_{Max\text{-}row}$ = 6; $\Sigma r_{Max\text{-}total}$ = 42]	2	2	1	1	4	2	2	14

Source: Own research data.

Notes
* Spearman's r significant at p < ,05.
** Spearman's r significant at p < ,01.
*** Spearman's r significant at p < ,001.

4.6 The impact of SEWE&JS on the company's performance results – The assessment of the reflective models

4.6.1 The primary findings for all models of SEWE&JS

According to the assumptions adopted in Chapter 2, five reflective mea-surement models for SEWE&JS were built, i.e. four with particular types of company's performance results (i.e. in finance, quality, innovativeness, and HRM, respectively) and one comprehensive model with all performance results. However, before assessing these models, a correlation analysis by Spearman's method was carried out to verify the relationships between the major variables under study. As shown in Table 4.4, the company's per-formance results in finance are positively correlated with the advancement level of SEWE&JS (r = .18; p < ,05) but negatively with the evaluation of its contribution level to these results (r = −.17; p < ,05). The results in quality exhibit positive relationships with the contribution level SEWE&JS (r = .40; p < .001), transfer of knowledge & skills from the HQ to the LS (r = .30; p < .001), and the evaluation of employees' knowledge & skills as a company's competitive factor (r = .18; p < .05). The results in innovativeness are positively correlated with the contribution level SEWE&JS (r = .23; p < .01) and transfer of knowledge & skills from the HQ to the LS (r = .19; p < .01). Two correlations are also identified in the case of the results in HRM and refer to the advancement level of SEWE&JS (r = .25; p < .001) and the evaluation of employees' knowledge & skills as a company's competitive factor (r = −.17; p < .05).

The assessment results of the five reflective measurement models for SEWE&JS are presented in Table 4.5. All models meet the required criteria of assessment, although the model with results in finance is at the limit of acceptance in the scope of SSR criterion (*c.f.* Garson, 2016; Hair et al., 2022).

As with other models for a single HRM subfunction, here also the values of paths of four variables are common for all reflective measurement models for SEWE&JS, regardless of the type of company's performance results. The four variables are: the centralization level, the advancement level, and transfer of knowledge & skills from the HQ and to the HQ. The summary of their path analysis conducted in in SEM-PLS is presented in Table 4.6.

Therefore, based on this summary, we can say that in each of the five measurement models for SEWE&JS, the centralization level of this HRM subfunction impacts directly but negatively on its advancement level (β = −.23; p <0.001); at the same time, the advancement level is under a positive direct impact of the knowledge & skills transfer from the LS to the HQs (β = .20; p = 0.002). In addition, none of the directions of knowledge & skills flows mediates the relationships between the centralization level and the advancement level of SEWE&JS. This leads to the confirmation of two research hypotheses in the scope of this HRM subfunction: H1 in full

Table 4.4 The results of a correlation test for the variables describing SEWE&JS, human factor and company performance results

Variables		Company performance results			
		Finance	*Quality*	*Innovativeness*	*HRM*
Characteristics of SEWE&JS	**Advancement level**	**0.18***	−0.06	0.04	**0.25*****
	Contribution level	**−0.17***	**0.40*****	**0.23****	0.05
	Knowledge & skills transfer to the HQ	0.12	−0.09	0.07	0.10
	Knowledge & skills transfer from the HQ	−0.13	**0.30*****	**0.19****	0.00
	Centralization level	−0.02	0.13	0.07	0.11
Human factor	**Employees**	0.06	**0.18***	0.06	**0.17***
	Managers	0.02	0.09	−0.01	0.09

Source: Own research data.

Notes

* Spearman's r significant at p < ,05.
** Spearman's r significant at p < ,01.
*** Spearman's r significant at p < ,001.

Table 4.5 The assessment results of the reflective measurement models for SEWE&JS

Criteria of assessment	SEWE&JS models by company performance results				
	Finance	*Quality*	*Innovativeness*	*HRM*	*All*
AVIF (acceptable if ≤ 5, ideally ≤ 3.3)	1.044	1.017	1.015	1.050	1.207
GoF (small ≥ 0.1, medium ≥ 0.25, large ≥ 0.36)	0.161	0.212	0.155	0.167	0.225
SPR (acceptable if ≥ 0.7, ideally = 1)	1.000	1.000	1.000	1.000	0.917
RSCR (acceptable if ≥ 0.9, ideally = 1)	1.000	1.000	1.000	1.000	0.990
SSR (acceptable if ≥ 0.7)	0.667	0.833	0.917	0.750	0.708
NLBCDR (acceptable if ≥ 0.7)	0.875	0.958	0.958	0.875	0.896

Source: Own research data.

Table 4.6 Path analysis summary in SEM-PLS for variables with common values in all SEWE&JS models

Variables: Relationships in paths	β − Path coefficient	p-value	Std. error	T ratios
Centralization level → Transfer to the HQ	−0.029	0.341	0.070	−0.411
Centralization level → Transfer from the HQ	0.021	0.381	0.070	0.304
Centralization level → Advancement level	−0.234	<0.001	0.068	−3.468
Transfer to the HQ → Advancement level	0.197	0.002	0.068	2.896
Transfer from the HQ → Advancement level	−0.045	0.261	0.070	−0.641

Source: Own research data.

and H2 only with regard to the direct impact of knowledge & skills flows from the LS to the HQs on the advancement level of SEWE&JS.

4.6.2 The reflective measurement model for SEWE&JS with results in finance

The explanatory capability of the reflective measurement model for the latent variable SEWE&JS with results in finance is identifiable but rather very low (see Table 4.7). The variation of the effect (reflective) indicators that are assumed to be affected by a common underlying latent variable, i.e. the advancement level of SEWE&JS, is explained in about 10%

Table 4.7 Latent variable coefficients for SEWE&JS and performance in finance: Explanatory capability and in-sample predictive power

Coefficient	Knowledge & skills transfer to the HQ	Knowledge & skills transfer from the HQ	Advancement level of SEWE&JS	Contribution level of SEWE&JS	Human factor – employees	Human factor – managers	Performance results in finance
R^2	0.001	0.000	0.095	0.030	0.008	0.002	0.046
Q^2	0.001	0.001	0.097	0.031	0.010	0.003	0.046

Source: Own research data.

Interpretation:

R^2 – The amount of variance explained in the construct (very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67).

Q^2 – The predictive capability based on blindfolding procedure (predictive relevance if > 0.00).

($R^2 = 0.10$). Additionally, the model exhibits predictive relevance value (in-sample predictive power) for this latent variable construct ($Q^2 = 0.10$).

Further analysis shows that the latent variable SEWE&JS in the model with results in finance has a significant positive effect only on one of its indicators, i.e. the company's financial performance ($\beta = 0.21$; $p < 0.001$). However, at the same time, the company's performance results in finance negatively affect the evaluation of contribution level of SEWE&JS to these results ($\beta = -0.16$; $p = 0.01$). As presented in Table 4.8, no other effects of the variables under study have been identified.

Figure 4.1 presents the research model for the latent variable of SEWE&JS with results in finance and the relationships verified through the path coefficients and their referred meanings. It's evident that, contrary to the adopted assumptions, both the advancement level of SEWE&JS and the performance results in finance do not affect the evaluation of human factor as company's competitive factor. Thus, neither the evaluation of managerial competencies nor the evaluation of knowledge & skills of employees depends on the advancement level of this HRM subfunction or the company's financial performance. When it comes to the evaluation of the contribution level of this HRM subfunction to the company performance results in finance, it is under the negative impact of these results ($\beta = -0.16$; $p = 0.01$) but with no significant impact from its own advancement level.

When verifying the specific research hypotheses developed for this model from the general hypotheses presented in Chapter 3, we can say that three of them have been supported empirically. Namely, the advancement level of SEWE&JS appears to impact directly and positively on the company's performance results in finance (H4). Simultaneously, these results impact directly and negatively on the evaluation of the contribution level of SEWE&JS to these results (H7A), so they mediate negatively the relationships between the advancement level and contribution level of SEWE&JS (H10A) when considered in isolation from other types of performance results.

4.6.3 The reflective measurement model for SEWE&JS with results in quality

The explanatory capability of the reflective measurement model for the latent variable SEWE&JS with results in quality is identifiable but rather very low (see Table 4.9). The variation of the effect (reflective) indicators that are assumed to be affected by a common underlying latent variable, i.e. the advancement level of SEWE&JS, is explained in about 10% ($R^2 = 0.10$). Additionally, the model exhibits predictive relevance value (in-sample predictive power) for this latent variable construct ($Q^2 = 0.10$). Some meaningful observations can be also made with regard to the contribution level of SEWE&JS. Here the variation of variables is explained in 16% ($R^2 = 0.16$), and the predictive relevance is identified as well ($Q^2 = 0.17$).

Table 4.8 Path analysis summary in SEM-PLS for SEWE&JS and company performance in finance

Variables: Relationships in paths	β − Path coefficient	p-value	Std. error	T ratios
Advancement level → Performance results in finance	0.213	<0.001	0.068	3.146
Advancement level → Contribution level	0.099	0.077	0.069	1.433
Advancement level → Human factor: employees	−0.085	0.112	0.070	−1.221
Advancement level → Human factor: managerial staff	−0.037	0.297	0.070	−0.534
Performance results in finance → Human factor: employees	0.054	0.220	0.070	0.774
Performance results in finance → Human factor: managerial staff	0.025	0.361	0.070	0.357
Performance results in finance → Contribution level	−0.163	0.009	0.069	−2.382

Source: Own research data.
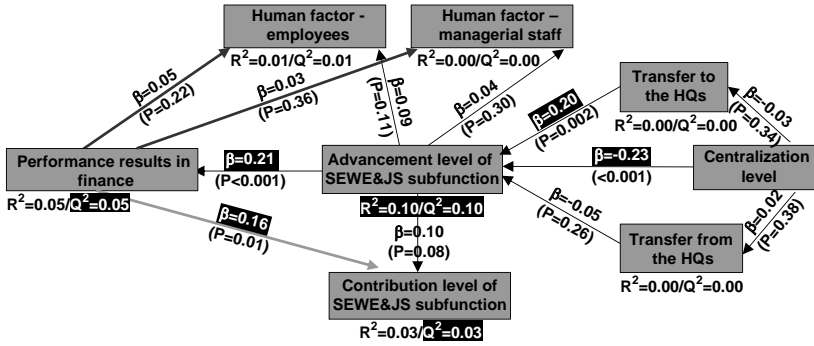
Figure 4.1 The reflective measurement model for a latent variable of SEWE&JS with performance results in finance.

Source: Own research data.

Note: ■ – Statistically meaningful observations.

As for the impact of the latent variable SEWE&JS in the model with results in quality on its indicators, no significant effects on its indicators have been identified. But with comparison to the previously discussed model, this time, the company's performance results in quality positively affect both the evaluation of contribution level of SEWE&JS to these results ($\beta = -0.40$; $p < 0.001$) and the evaluation of knowledge & skills of employees ($\beta = 0.18$; $p = 0.004$). As shown in Table 4.10, no other effects of the tested variables have been identified.

Figure 4.2 presents the research model for the latent variable of SEWE&JS with a result in quality and the relationships verified through the path coefficients and their referred meanings. It's apparent that, contrary to the adopted assumptions, the evaluation of managerial competencies is neither under the impact of the advancement level of SEWE&JS nor the company's performance results in quality. And as for the evaluation of the knowledge & skills of employees, that is impacted only by the performance results in quality, and this impact is positive ($\beta = -0.18$; $p = 0.004$). When it comes to the evaluation of the contribution level of this HRM subfunction to the company performance results in quality, it is under the positive impact of these results ($\beta = 0.40$; $p < 0.001$) but with no significant impact from its own advancement level.

When verifying the specific research hypotheses developed for this model, we can say that two of them have been supported empirically. Well, it turns out that the company's performance results in quality impact directly and positively on both the evaluation of the contribution level of SEWE&JS to these company's results (H7A) and on the evaluation of knowledge & skills of employees as a company's competitive human factor (H8A) when considered in isolation from other types of performance results.

Table 4.9 Latent variable coefficients for SEWE&JS and performance in quality: Explanatory capability and in-sample predictive power

Coefficient	Knowledge & skills transfer to the HQ	Knowledge & skills transfer from the HQ	Advancement level of SEWE&JS	Contribution level of SEWE&JS	Human factor – employees	Human factor – managers	Performance results in quality
R²	0.001	0.000	0.095	0.164	0.038	0.010	0.006
Q²	0.001	0.001	0.097	0.166	0.039	0.011	0.011

Source: Own research data.

Interpretation:

R² – The amount of variance explained in the construct (very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67).

Q² – The predictive capability based on blindfolding procedure (predictive relevance if > 0.00).

Table 4.10 Path analysis summary in SEM-PLS for SEWE&JS and company performance in quality

Variables: Relationships in paths	β – Path coefficient	p–value	Std. error	T ratios
Advancement level → Performance results in quality	−0.081	0.124	0.070	−1.157
Advancement level → Contribution level	0.097	0.082	0.069	1.397
Advancement level → Human factor: employees	−0.059	0.201	0.070	−0.841
Advancement level → Human factor: managerial staff	−0.025	0.364	0.070	−0.348
Performance results in quality → Human factor: employees	0.181	0.004	0.068	2.647
Performance results in quality → Human factor: managerial staff	0.094	0.088	0.069	1.361
Performance results in quality → Contribution level	0.401	<0.001	0.065	6.130

Source: Own research data.
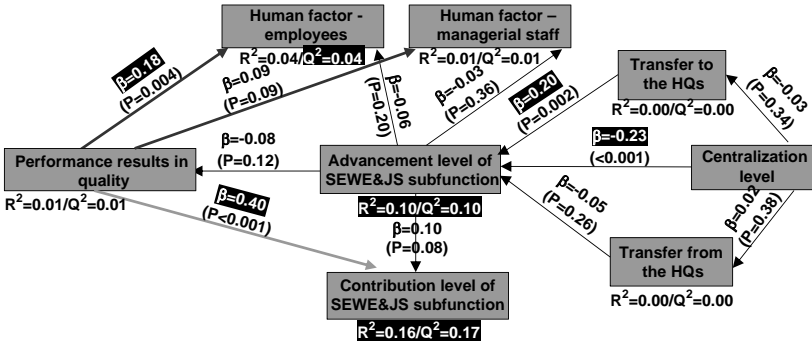
Figure 4.2 The reflective measurement model for a latent variable of SEWE&JS with performance results in quality.

Source: Own research data.

Note: ■ – Statistically meaningful observations.

4.6.4 The reflective measurement model for SEWE&JS with results in innovativeness

The explanatory capability of the reflective measurement model for the latent variable SEWE&JS with results in innovativeness is identifiable but rather very low (see Table 4.11). The variation of the effect (reflective) indicators that are assumed to be affected by a common underlying latent variable, i.e. the advancement level of SEWE&JS, is explained in about 10% ($R^2 = 0.10$). Additionally, the model exhibits predictive relevance value (in-sample predictive power) for this latent variable construct ($Q^2 = 0.10$).

Similar to the model of the latent variable SEWE&JS with results in quality discussed in a previous subchapter, in the model with results in innovativeness, no significant effects of the latent variable SEWE&JS on its indicators have been identified. And concering the other effects of the variables under study, only one of them has been found. As shown in Table 4.12, the contribution level of SEWE&JS is under a positive impact of the company's performance results in innovativeness ($\beta = 0.23$; $p < 0.001$). No other variable effects have been established.

Figure 4.3 presents the research model for the latent variable of SEWE&JS with results in innovativeness and the relationships verified through the path coefficients and their referred meanings. Again, as in the case of the model with results in finance, neither the advancement level of SEWE&JS nor the performance results in innovativeness impact the evaluation of human factor as company's competitive factor. Thus, none of the evaluations of two categories of the competitive human factor depends on the advancement level of SEWE&JS. Concerning the evaluation of the contribution level of this

Table 4.11 Latent variable coefficients for SEWE&JS and performance in innovativeness: Explanatory capability and in-sample predictive power

Coefficient	Knowledge & skills transfer to the HQ	Knowledge & skills transfer from the HQ	Advancement level of SEWE&JS	Contribution level of SEWE&JS	Human factor – employees	Human factor – managers	Performance results in innovativeness
R²	0.001	0.000	0.095	0.059	0.008	0.002	0.004
Q²	0.001	0.001	0.097	0.062	0.009	0.004	0.006

Source: Own research data.

Interpretation:

R^2 – The amount of variance explained in the construct (very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67).

Q^2 – The predictive capability based on blindfolding procedure (predictive relevance if > 0.00).

Table 4.12 Path analysis summary in SEM-PLS for SEWE&JS and company performance in innovativeness

Variables: Relationships in paths	β – Path coefficient	p-value	Std. error	T ratios
Advancement level → Performance results in innovativeness	0.059	0.198	0.070	0.850
Advancement level → Contribution level	0.051	0.235	0.070	0.724
Advancement level → Human factor: employees	–0.076	0.138	0.070	–1.094
Advancement level → Human factor: managerial staff	–0.030	0.334	0.070	–0.429
Performance results in innovativeness → Human factor: employees	0.048	0.248	0.070	0.681
Performance results in innovativeness → Human factor: managerial staff	–0.033	0.320	0.070	–0.468
Performance results in innovativeness → Contribution level	0.234	<0.001	0.068	3.467

Source: Own research data.
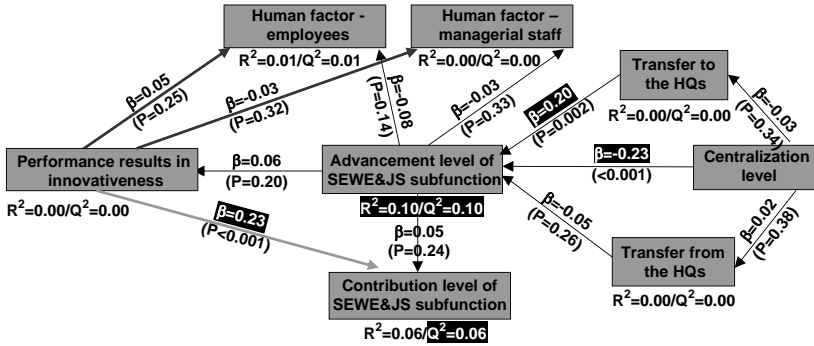
Figure 4.3 The reflective measurement model for a latent variable of SEWE&JS with performance results in innovativeness.

Source: Own research data.

Note: ■ – Statistically meaningful observations.

HRM subfunction to the company performance results in innovativeness, it is under the positive impact of these results ($\beta = -0.23$; $p < 0.001$) but with no significant impact from its own advancement level.

The verification of the specific research hypotheses developed for this model has revealed that only one of them can be accepted. The research results show that the company's performance results in innovativeness impact directly and positively on the evaluation of the contribution level of SEWE&JS to this type of the company's performance results (H7A) when considered in isolation from other types of performance results.

4.6.5 The reflective measurement model for SEWE&JS with results in HRM

The explanatory capability of the reflective measurement model for the latent variable SEWE&JS with results in HRM is identifiable but rather very low (see Table 4.13). The variation of the effect (reflective) indicators that are assumed to be affected by a common underlying latent variable, i.e. the advancement level of SEWE&JS, is explained in about 10% ($R^2 = 0.10$). Additionally, the model exhibits predictive relevance value (in–sample pre-dictive power) for this latent variable construct ($Q^2 = 0.10$).

Further analysis has revealed that the latent variable SEWE&JS in the model with results in HRM has a significant effect on two of its indicators, i.e. a positive impact on the company's performance results in HRM ($\beta = 0.23$; $p < 0.001$) and a negative impact on the evaluation of knowledge & skills of employees as a company's competitive factor ($\beta = -0.11$; $p = 0.05$). Simultaneously, the last of the mentioned variables is positively influenced by

Table 4.13 Latent variable coefficients for SEWE&JS and performance in HRM: Explanatory capability and in-sample predictive power

Coefficient	Knowledge & skills transfer to the HQ	Knowledge & skills transfer from the HQ	Advancement level of SEWE&JS	Contribution level of SEWE&JS	Human factor – employees	Human factor – managers	Performance results in HRM
R^2	0.001	0.000	0.095	0.006	0.033	0.007	0.054
Q^2	0.001	0.001	0.097	0.009	0.034	0.008	0.055

Source: Own research data.

Interpretation:

R^2 – The amount of variance explained in the construct (very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67).

Q^2 – The predictive capability based on blindfolding procedure (predictive relevance if > 0.00).

the company's performance results in HRM ($\beta = 0.17$; $p = 0.007$). As shown in Table 4.14, no other effects of the tested variables have been identified.

Figure 4.4 presents the research model for the latent variable of SEWE&JS with results in HRM and the relationships verified through the path coefficients and their referred meanings. Here, of the two categories of the competitive human factor, only the knowledge & skills of employees is under the impact of other variables, i.e. under the negative impact of the advancement level of SEWE&JS ($\beta = -0.11$; $p = 0.05$) and under the positive impact of the performance results in HRM ($\beta = 0.17$; $p = 0.007$). So, it means that the evaluation of managerial competencies as a company's competitive factor is independent of the variables that determine the evaluation of the knowledge & skills of employees. Regarding the evaluation of the contribution level of SEWE&JS to the company performance results in HRM, no significant relationship between these two variables has been found.

After the verification of the specific research hypotheses developed for this model, it can be said that four of them are positively verified. First, the company's performance results in HRM mediate positively the relationships between the advancement level of SEWE&JS and the evaluation of knowledge & skills of employees as a company's competitive human factor (H9A). Second, it is because there are two direct impacts of the advancement level of SEWE&JS on its two reflective variables, i.e. positive on the company's performance results in HRM (H4) and negative on the evaluation of knowledge & skills of employees as a company's competitive human factor (H5A). And third, the company's performance results in HRM impact directly and positively on the evaluation of knowledge & skills of employees as a company's competitive human factor (H8A). Of course, all these findings are considered in isolation from other types of performance results.

4.6.6 The comprehensive reflective measurement model for SEWE&JS with all types of performance results

The explanatory capability of the comprehensive reflective measurement model for the latent variable SEWE&JS with all types of performance results is identifiable but rather very low (see Table 4.15). Similarly to the previously discussed models of SEWE&JS, the variation of the effect (reflective) indicators that are assumed to be affected by a common underlying latent variable, i.e. the advancement level of SEWE&JS, is explained in about 10% ($R^2 = 0.10$). Moreover, the model exhibits predictive relevance value (in-sample predictive power) for this latent variable construct ($Q^2 = 0.10$). Yet another meaningful observations refers to the contribution level of SEWE&JS. Here the variation of variables is explained in 21% ($R^2 = 0.21$), and the predictive relevance is found as well ($Q^2 = 0.21$).

Table 4.14 Path analysis summary in SEM-PLS for SEWE&JS and company performance in HRM

| Variables: Relationships in paths	β – Path coefficient	p-value	Std. error	T ratios
Advancement level → Performance results in HRM	0.232	<0.001	0.068	3.437
Advancement level → Contribution level	0.056	0.214	0.070	0.794
Advancement level → Human factor: employees	–0.113	0.052	0.069	–1.635
Advancement level → Human factor: managerial staff	–0.051	0.234	0.070	–0.727
Performance results in HRM → Human factor: employees	0.171	0.007	0.068	2.500
Performance results in HRM → Human factor: managerial staff	0.081	0.124	0.070	1.160
Performance results in HRM → Contribution level	0.039	0.289	0.070	0.556

Source: Own research data.
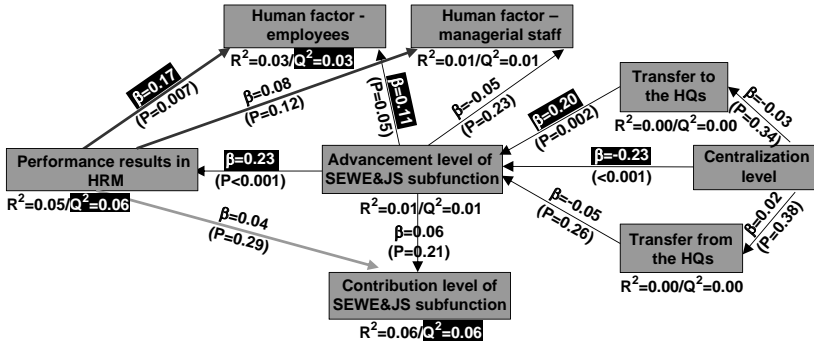
Figure 4.4 The reflective measurement model for a latent variable of SEWE&JS with performance results in HRM.

Source: Own research data.

Note: ■ – Statistically meaningful observations.

Table 4.15 Latent variable coefficients for SEWE&JS and all types of performance results: Explanatory capability and in-sample predictive power

Variable	Coefficient	
	R^2	Q^2
Knowledge & skills transfer to the HQ	0.001	0.001
& skills transfer from the HQ	0.000	0.001
Advancement level of SEWE&JS	0.095	0.097
Contribution level of SEWE&JS	0.205	0.208
Human factor – employees	0.068	0.071
Human factor – managers	0.028	0.031
Performance results in finance	0.046	0.046
Performance results in quality	0.006	0.011
Performance results in innovativeness	0.004	0.006
Performance results in HRM	0.054	0.055

Source: Own research data.
Interpretation:
R^2 – The amount of variance explained in the construct (very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67).
Q^2 – The predictive capability based on blindfolding procedure (predictive relevance if > 0.00).

In the case of the comprehensive reflective measurement model for the latent variable SEWE&JS with all types of performance results, further analysis has revealed that this variable impacts positively on three of its reflective variables, i.e. on the company's performance results in finance ($\beta = 0.23$; $p < 0.001$) and results in HRM ($\beta = 0.23$; $p < 0.001$), as well as

on the evaluation of the contribution level of SEWE&JS to all types of performance results ($\beta = 0.13$; $p = 0.03$). At the same time, the evaluation of the contribution level of SEWE&JS is impacted by two types of the company's performance results, i.e. negatively by the results in finance ($\beta = -0.20$; $p = 0.002$) and positively by the results in quality ($\beta = 0.40$; $p < 0.001$). Table 4.16 shows the path analysis summary for SEWE&JS and all types of company performance results.

Figure 4.5 presents the comprehensive research model for the latent variable of SEWE&JS with all types of company's performance results verified through the path coefficients and their referred meanings. In this model, the competitive human factor is impacted by three types of the company's performance results. As for the evaluation of knowledge & skills of employees as a company's competitive factor, on one side, this variable is under a positive impact of both performance results in quality ($\beta = 0.21$; $p < 0.001$) and results in HRM ($\beta = 0.19$; $p = 0.003$), and on the other side, it's under a negative impact of performance results in innovativeness ($\beta = -0.12$; $p = 0.05$). It looks pretty similar in relation to the evaluation of managerial competencies as a company's competitive factor. Namely, this variable is under a positive impact of both performance results in quality ($\beta = 0.14$; $p = 0.02$) and results in HRM ($\beta = 0.12$; $p = 0.05$), and under a negative impact of performance results in innovativeness ($\beta = -0.14$; $p = 0.02$). When it comes to the evaluation of the contribution level of SEWE&JS to the company's overall performance results, it is under the positive impact of its own advancement level ($\beta = 0.13$; $p = 0.03$), negative impact of the performance results in finance ($\beta = -0.20$; $p = 0.002$), and positive impact of the performance results in quality ($\beta = 0.40$; $p < 0.001$).

When it comes to verifying the hypotheses developed for this model (which covers all types of the company's performance results), 14 of them have been confirmed. Three concern the mediation effects. The first confirmed mediation hypothesis states that the company's performance results in finance mediate negatively the relationships between the advancement level of SEWE&JS and the evaluation of the contribution level of this HRM subfunction to the company's performance results (H10B for finance). It's based on the positive verification of the hypotheses in which the positive effects of the advancement level of SEWE&JS on the company's performance results in finance (H4 for finance) and on the contribution level of this HRM subfunction to the overall company's performance results (H6B) are confirmed. Additionally, it's based on the hypothesis in which the negative impact of the company's performance results in finance on the evaluation of the contribution level of SEWE&JS to the company's performance results is identified (H7B for finance). Two other confirmed mediation hypotheses refer to the positive mediating role of the company's HRM performance results in the relationships between the advancement level of SEWE&JS and the evaluation of the human competitive factor, including both the evaluation of knowledge & skills of employees

Table 4.16 Path analysis summary in SEM-PLS for SEWE&JS and all types of company performance results

Variables: Relationships in paths	β – Path coefficient	p-value	Std. error	T ratios
Advancement level → Performance results in finance	0.213	<0.001	0.068	3.146
Advancement level → Performance results in quality	−0.081	0.124	0.070	−1.157
Advancement level → Performance results in innovativeness	0.059	0.198	0.070	0.850
Advancement level → Performance results in HRM	0.232	<0.001	0.068	3.437
Advancement level → Contribution level	0.134	0.026	0.069	1.947
Advancement level → Human factor: employees	−0.095	0.087	0.069	−1.362
Advancement level → Human factor: managerial staff	−0.039	0.291	0.070	−0.550
Performance results in finance → Human factor: employees	0.007	0.462	0.071	0.095
Performance results in quality → Human factor: employees	0.210	0.001	0.068	3.086
Performance results in innovativeness → Human factor: employees	−0.115	0.049	0.069	−1.662
Performance results in HRM → Human factor: employees	0.187	0.003	0.068	2.743
Performance results in finance → Human factor: managerial staff	−0.003	0.482	0.071	−0.046
Performance results in quality → Human factor: managerial staff	0.144	0.019	0.069	2.094
Performance results in innovativeness → Human factor: managerial staff	−0.140	0.022	0.069	−2.035
Performance results in HRM → Human factor: managerial staff	0.117	0.047	0.069	1.686
Performance results in finance → Contribution level	−0.198	0.002	0.068	−2.914
Performance results in quality → Contribution level	0.388	<0.001	0.066	5.906
Performance results in innovativeness → Contribution level	0.066	0.174	0.070	0.941
Performance results in HRM → Contribution level	0.001	0.497	0.071	0.007

Source: Own research data.
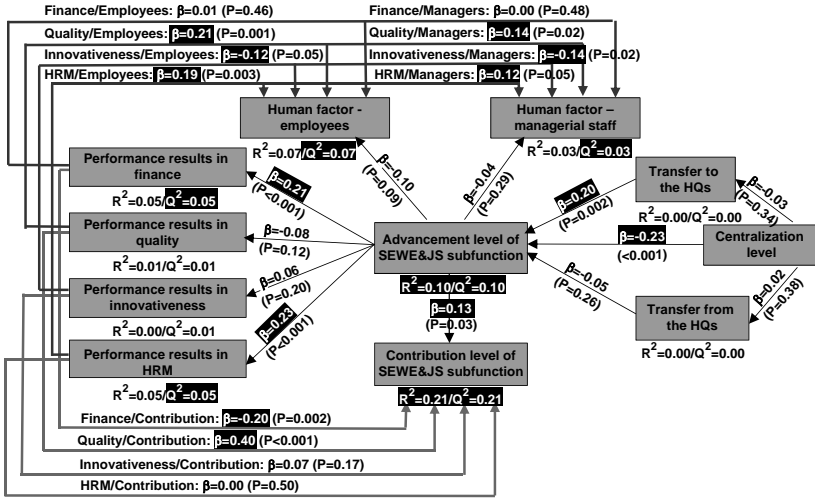
Figure 4.5 The comprehensive reflective measurement model for a latent variable of SEWE&JS with all performance results.

Source: Own research data.

Note: ■ – Statistically meaningful observations.

(H9B for HF-employees) and the evaluation of managerial competencies (H9B for HF-managers). They are supported by the identified direct positive impacts of the advancement level of SEWE&JS on the company's performance results in HRM (H4 for HRM), and of the company's performance results in HRM on both the evaluation of knowledge & skills of employees (H8B for HRM and HF-employees) and the evaluation of managerial competencies (H8B for HRM and HF-managers) as the company's competitive factor.

Among the remaining empirically supported hypotheses, three indicate the positive impact of the company's performance results in quality on the evaluation of the contribution level of SEWE&JS to these performance results (H7B for quality), and on the evaluation of both categories of the human competitive factor, i.e. knowledge & skills of employees (H8B for quality and HF-employees) and managerial competencies (H8B for quality and HF-managers). And the last two supported hypotheses describe the negative impact of the company's performance results in innovativeness on both the evaluation of knowledge & skills of employees (H8B for innovativeness and HF-employees) and the evaluation of managerial competencies (H8B for innovativeness and HF-managers) as the company's competitive factor.

4.7 A concise summary of the research findings in the scope of SEWE&JS

Employee experience is the most recent trend in HRM practice. In this chapter, the main assumption is that employee work engagement and job satisfaction are the outcomes of employee experience, so positive employee experience can drive higher both of them. Several studies have shown that employees' attitudinal and behavioral responses in the work environment are closely related to their experiences of HRM practices. Thus, the organizational capacity to achieve the positive HRM outcomes, and ultimately, expected organizational performance results, is a function of the quality of the employee experience. Employee experience thus serves to establish a direct link between HR, organizational performance, and market success. Furthermore, it can be said that the elevation of employee positive workplace experience may cover various types of HRM activities aimed at developing and sustaining employee work engagement and job satisfaction. As a result, this may be a response of the organizations and managerial staff to a phenomenon known as quiet quitting, which is when employees refuse to go above and beyond at work, they are not engaged.

The activities undertaken within shaping employee work engagement and job satisfaction (SEWE&JS) are addressed to people in organizations and intended to improve the functioning of the organizations, increase the results in various areas of their operations, and thus increase their competitiveness – all through employees. The main goal of SEWE&JS is to stimulate employee engagement and satisfaction in such a way as to achieve the organization's goals and ensure its success by creating a friendly working environment. The literature recommends various measures in this regard. In the conceptual development undertaken in this book, such activities cover 11 components, which are listed in Table 4.1.

This concise summary of the research findings should start with a reminder that the overall mean value of the advancement level of SEWE&JS in the research sample is rather high. Moreover, the advancement levels of each particular components are evaluated in a similar way. When business strategies are considered, the advancement level of SEWE&JS is appraised a little lower in the MNCs applying growth strategies with comparison to the organizations realizing other types of strategies, i.e. the mix of growth & stability and stability & retrenchment alone. The possible reason is that for the MNCs that focus on business extension, the dynamic processes of business growth may constitute a certain obstacle in the flexible adaptation of SEWE&JS activities to the emerging circumstances and thus make it difficult to maintain their advancement level along with the company's growth. As for the contribution of SEWE&JS to the business performance results, on average, it appears to be relatively high as well, although it reaches the highest mean value in the MNCs that realize stability & retrenchment business strategies.

The role of the MNC's headquarters in SEWE&JS usually relies on formulating general guidelines and framework or detailed policies, procedures, and rules that are provided to the foreign entity for implementation. There is an average level of centralization. As for the directions of knowledge & skills flows within SEWE&JS, we can observe that the flow from the HQs to the local subsidiary is of a little higher significance than the flow in the opposite direction. Anyway, both of them are moderately important. In this context, four regularities have been identified. One states that the more intensive the knowledge & skills flows from the local subsidiary to the HQs, the higher the advancement level of SEWE&JS. The second refers to the fact that the more intensive the knowledge & skills flows from the HQs to the local subsidiary, the higher the contribution level of SEWE&JS to the company's performance results. The third is that a higher level of SEWE&JS centralization goes hand in hand with a higher contribution level of this HRM subfunction to the company's performance results, and the lower level of its centralization goes hand in hand with a higher level of its advancement. The fourth refers to the positive correlation between the centralization level of SEWE&JS and the two categories of the competitive human factor, i.e. managerial an non-managerial.

With regard to the five reflective measurement models developed for the latent variable SEWE&JS, each meets the assessment criteria and exhibits predictive relevance value, although the predictive capability is rather very low. In each of them, the advancement level of this HRM subfunction is under a negative impact of its centralization level and under a positive impact of the knowledge & skills transfer from the LS to the HQs. In the context of the arrangements made, this can be interpreted as follows. Although the transfer of knowledge about the local conditions and specificities from the LS to the HQs takes place, it is less important than the transfer in the opposite direction. Given that the research was conducted at the HQs, it may suggest that the HQs does not recognize any specific differences between the environmental conditions where the HQs is located and those in which LS operates. So, from the HQs' perspective, such knowledge is not particularly valuable. As a result, a rather above-average level of centralization is applied in which HQs' solutions are preferred over the local ones. In practice, this has a negative impact on the advancement level of SEWE&JS as it reduces the possibility of its flexible adjustment to the local conditions.

The advancement level of SEWE&JS positively and directly affects the company's performance results in finance and HRM but has no significant impact on results in quality and innovativeness. This outcome may suggest that the content and configuration of particular components of SEWE&JS, together with their advancement levels, better stimulate employee engagement and satisfaction to achieve expected results in finance and HRM than in quality and innovative. From the managerial perspective, such research findings seem to be important. They show that even increasing the advancement level of SEWE&JS will not increase the company's results in

quality and innovativeness. So, in business practice, to use this HRM subfunction as a human driver of better results in these two types of business results, the better fit between this subfunction and the characteristics of employees is recommended.

A juxtaposition of the data on the strategies used by the MNCs with the evaluation of the contribution level of SEWE&JS to the company's performance results leads to some additional conclusions. Namely, the research shows that the contribution level of SEWE&JS is evaluated lower in the organizations that apply growth strategies with comparison to the organizations following other types of strategies. This may mean a greater interest in the financial results of performance than others. Such a conclusion may be also confirmed by the fact that performance results in finance impact negatively on the evaluation of the contribution level of SEWE&JS to these results, and at the same time, they mediate negatively the relationships between the advancement level and contribution level of SEWE&JS. And again, as the research data were collected at the HQs, this may suggest that the managerial staff at the HQs is more interested in strengthening the impact power of SEWE&JS on the financial results than other results. This phenomena is even more visible in the comprehensive model with all performance results than in the model with results in finance.

Of course, all this does not mean that the contribution level of SEWE&JS is not at all evaluated by the prism of the results in quality and innovation. In both models of SEWE&JS developed for their results considered separately, they impact positively on the contribution level of SEWE&JS. However, in the comprehensive reflective model for a latent variable of SEWE&JS with all performance results, it is only results in finance and in quality that predict the evaluation of the contribution level of this HRM subfunction.

Interestingly, with regard to the human factor, it's evaluation as a company's competitive factor in both categories (non-managerial and managerial) is not affected by the performance results in finance, but it's under significant impact of the other three types of performance results, i.e. in quality, innovativeness, and HRM. Additionally, the advancement level of SEWE&JS does not impact significantly on this reflective variable. However, these phenomena have been identified only in the comprehensive model for a latent variable of SEWE&JS with all performance results. In other models, they are generally less numerous. All this may suggest that neither the value of employees nor managers due to their knowledge, skills, or competencies is appraised exclusively by means of financial measures or the level of offered solutions in the area of SEWE&JS. So, as in the previous chapter, we can risk the formulation of the conclusion that although financial results are one of the most important performance outcomes for the organization, the human side of business also matters.

Finally, it can be summarized that the latent variable SEWE&JS in the comprehensive model with all types of performance results turns out to be a

good predictor for such reflective variables as performance results in finance, performance results in HRM, and the contribution level of SEWE&JS to the overall company's results.

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5 Employee Performance Appraisal

5.1 The conceptual construct of employee performance appraisal

Employee performance appraisal (EPA) is another of the six HRM sub-functions this monograph discusses. And from the very beginning, its definition causes some problems. It partly stems from the fact that the phrases employee performance appraisal and performance management are frequently used interchangeably. Some scholars describe EPA as one element of the broader performance-management system (Aguinis, 2013; Claus & Briscoe, 2009; Kinicki et al., 2013). In essence, this view sees EPA as an annual evaluation event, whereas performance management is defined as a continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning their performance with the organization's goals throughout the year (Aguinis, 2013; Dessler, 2020). Yet, other scholars define EPA in ways that incorporate the broader set of elements, not least the strategic alignment of individual and team performance toward organizational goals (Latham & Wexley, 1994; Rotundo, 2009; Brown et al., 2019). In this approach, EPA is defined as a system through which an organization provides employees with feedback about their performance, and it is essential in improving individual performance (Garengo et al, 2021). The system itself means a set of determined elements and relations and ties among these elements. They can be such precisely defined elements as goals, appraisees, appraisers, objects of appraisal, its methods, techniques, instruments, criteria, frequency, procedure of conduct, appealing procedure (grievance), and consequences (relations with other HRM elements) (Stor, 2012). It is also worth noting, however, that some authors use concepts like employee-performance management (Elicker et al., 2006), performance evaluation (Alves & Lourenço, 2021,) employee-performance evaluation (Ahmed et al., 2013), performance assessment (Joseph, 2017), or assessment of employee performance (Gravina et al., 2021).

EPA can impact organizational performance (Guest et al., 2003; Farndale, 2017; DeNisi et al., 2017; Houldsworth et al., 2021) and can be even treated as a predictor of this performance (Williams & O'Boyle, 2008;

Ringle et al., 2020; Legate et al., 2021). It allows employees to know what is expected of them, what the performance parameters are, and, through a good feedback mechanism, it helps them to know how they are progressing within the organization in carrying out their duties, tasks, and responsibilities. Additionally, it provides the basis for improving their capabilities, skills, abilities, competencies (Pattnaik & Sahoo, 2020), work engagement (Kuvaas, 2006; Smith & Bititci, 2017), and job satisfaction (Kampkötter, 2017) through various types of activities comprising HRM (Boon et al., 2019), like training (Jacobs & Washington, 2003; Jangbahadur & Sharma, 2018; Garavan et al., 2021) and compensation practices (Kuvaas, 2006), internal promotions (Bayo-Moriones et al., 2020), and motivating and leadership practices (Dewettinck & van Dijk, 2013). So, to manage employees as effective strategic assets, an organization should use EPA to align HRM to company values and strategic goals (Garengo et al., 2021), and hence, EPA must be linked through measurement to the firm's strategic goals (Crain, 2009; Iqbal et al., 2019). However the findings of recent studies (e.g. Meneghel et al., 2016) have suggested that EPA can be regarded as effective when its key stakeholders consider it useful.

The literature presents EPA as various models composed of different phases (see: Grote, 2002; Suchodolski, 2010; Dessler, 2020) and methods of measurement and evaluation (Houldsworth & Jirasinghe, 2018). Some authors emphasize that as organizations downsize, merge with other companies, and become decentralized, the boundaries in employer–employee–customer relationships are blurred, and new models for the organization and assessment of work performance have emerged. Moreover, in a time of technological transformation, the researchers also explore the impact of digitization on EPA, as well as the rights and interests of the stakeholders involved (see: Addabbo et al., 2020).

EPA criticism has been appearing in the literature on this subject for several decades. From the beginning, it applies primarily to the epistemological foundations of appraisal, i.e. the quest for an objective assessment and discovery of "truth" (Grint, 1993). Nowadays, with the increase in use of ICT developments, such issues as cyberbullying in the workplace are considered (Murphy et al., 2020). Scientists indicate that EPA can cause numerous problems and controversies for which managers often show contempt. Mounting evidence suggests that the problem of ineffective EPA may be at least partly attributed to the managers – the supervisors of the employees (Elicker et al., 2006). First, managerial human capital (by some understood as a combination of managerial knowledge in the form of cause-effect beliefs and managerial experience) directly impacts subordinate performance and leadership perceptions. Additionally, managerial values as a vital contributor to organizational activities can also positively or negatively affect EPA (Neher & Maley, 2020). So, employee performance can depend on managerial competencies and values (Lakshman, 2014). Second, it has been found that many supervisors poorly execute the EPA (Pichler et al., 2016; Weibel et al., 2016),

and this poor execution, in turn, can be a major contributor in rendering the EPA ineffective. This is why some researchers propose ways of managing performance without relying on regular performance evaluation, and re-focusing managers' activities from performance management to performance leadership instead (Murphy, 2020).

Even worse, a poorly implemented EPA system can do more harm than good (Leigh & Watkins, 2010). The literature explains that this may happen when the implementation of EPA is not based on the understanding of the social context within which it operates (Levy & Williams, 2004) and de-stroys the relationships between people. Based on the empirical research, it is even proved that EPA does not operate as part of a narrow contractual employment relationship, but it seems instead to support relational con-tracts between the employees and the firm (Cappelli & Conyon, 2018). In addition, employees have to experience positive appraisal reactions for performance appraisal so they can positively influence on their own be-haviors. The research shows that the relationship between perceptions of developmental performance appraisal and self-reported work performance is mediated by employees' intrinsic motivation and strongly moderated by their autonomy orientation. The relationship appears to be positive for employees with a weak autonomy orientation but negative for those with a strong autonomy orientation (Kuvaas, 2007). In this respect, EPA needs to be adjusted to what drives employee performance.

Currently, we are witnessing EPA evolution from a classic assessment to the contemporary form, which is more oriented to employee development (Tziner & Rabenu, 2018). For example, about 30% of large companies, such as Adobe, Deliotte, and GE, have abandoned traditional EPA-based annual reviews (Rock & Jones, 2015) and moved toward more frequent, development-focused conversations between managers and employees (Cappelli & Tavis, 2016). The underlying reasons for this shift include: the need to attract, develop, and retain talent through more frequent feedback, which facilitates engagement and development (Brown et al., 2019), the tightening labor market that creates pressure to keep employees happy and prepare them for advancement, the rapidly changing business environment requiring agility (Trost, 2017), which argues for regular check-ins with employees, and the prioritization of improvement over accountability, which promotes teamwork (vs. competition) (Cappelli & Tavis, 2016).

With regard to MNCs, one of the constantly repetitive problems is to determine whether and how much EPA should be adapted locally and how standard it should be (Stor, 2012; Edwards et al., 2016). Some fundamental factors affect customization decisions, like the need for global business in-tegration or differentiation (Claus & Hand, 2009), the implementation of corporate strategies in local subsidiaries (Shen, 2005), the controlling me-chanisms preferred (Ratković & Orlić, 2015), cultural distance (Smith & Bititci, 2017) or institutional distance between the countries (Mellahi et al.,

2016), legal requirements at the national or regional level, or even historical, institutional, and political issues (Ding et al., 2015).

Summarizing, it can be said that employee–performance appraisal (EPA) covers activities based on specific procedures that aim for collecting, comparing, transferring, updating, and utilizing the information received from employees and about employees to determine their qualities and work results, as well as their potential abilities and capabilities, which are useful in the organization and are currently identifiable or will be developed in a certain future (Stor, 2012). This definition is adopted in this monograph. In the conceptual development undertaken in this monograph for research purposes, EPA covers eight components, which are listed in Table 5.1. To assess their internal consistency within the questionnaire on EPA, Cronbach's alpha, as a measure, was used. The reliability analysis covered eight five-point scale items (components of EPA, as shown in Table 5.1). Cronbach's alpha showed the questionnaire to reach good

Table 5.1 The ranking of the mean values of the advancement levels of particular components of EPA

No.	Components of employee-performance appraisal	Mean ($\bar{x}$)
1.	A clear, transparent system is known to employees and used for employee-performance appraisal in the organization.	4,12
2.	The results of the employee appraisal are related to the compensation system.	3,80
3.	The appraisal system focuses not only on the final results of work, but also on the way of reaching these results and the intentions of employees.	3,76
4.	The results of the employee appraisal are related to the system of employee training & development.	3,70
5.	Cyclical verification and modification of the appraisal system in terms of the changing: needs of the organization, the characteristics of employees and the work they perform, as well as external conditions of the organization.	3,68
6.	In line with the culture of the host country, the results of the work that are influenced by the employee or the results of the work that are largely the result of teamwork are assessed.	3,68
7.	In line with the culture of the host country, the appraisal is made only by the supervisor or by the self-appraisal of employees or by involving colleagues, subordinates, clients, etc. in the appraisal process.	3,68
8.	The results of employee appraisal are analyzed at various levels (from individual, through team, to the entire organization).	3,64
Overall mean ($\overline{x_{EPA}}$)		**3,76**

Source: Own research data.
The evaluation scale for advancement level.
Comparison to the general trends based on the best worldwide practices:
1 – very low; **2** – low; **3** – average; **4** – high; **5** – very high.

reliability, α = 0.691. All items appeared to be worthy of retention, resulting in a decrease in the alpha if deleted.

5.2 The advancement level of the practices applied in employee performance appraisal

The overall mean value of the advancement level of EPA in the research sample is relatively high. It falls close to 4 ($\overline{x_{EPA}}$ = 3,76) on the five-degree measurement scale, which is presented at the bottom of Table 5.1.

This table also shows that a clear, transparent system known to employees is used for employee-performance appraisal; it is a component of EPA that reaches the highest mean value of $\bar{x}$ = 4,12. The second position is occupied by results of the employee appraisal related to the compensation system ($\bar{x}$ = 3,80), and the third is held is by the appraisal system that focuses not only on the final results of work, but also on the way of reaching these results and the intentions of employees ($\bar{x}$ = 3,76).

The analysis of the collected data by the percentage share of responses leads to the conclusion that not more than 4% of MNCS evaluate the advancement level of EPA as low or very low. In most cases, the rating range is between average and high. But within each component, several percentages of responses indicate a very high rate, and a clear, transparent system known to employees and used for EPA in the organization is even appraised as very high by 25% of respondents.

When business strategies are considered, the advancement level of EPA is appraised a little lower in the MNCs applying growth strategies (N = 168; $\bar{x}$ = 3,46) with comparison to the organizations realizing simultaneously growth & stability strategies (N = 45; $\bar{x}$ = 3,48). The lowest rating is obtained in companies with stability & retrenchment strategies (N = 32; $\bar{x}$ = 3,27). This rating may suggest that in organizations not oriented toward business extension or forced to reduce their businesses, the advancement level of EPA doesn't constitute their primary subject of interest. This focus may be because the developmental needs in this type of organizations are usually not as great as in organizations focusing on growth.

The statistical analysis also included the identification of the potential relationships between the selected variables characterizing the MNCs and the advancement level of EPA. It showed that this level is positively correlated with the company's size (r = 0,22, at p = 0.002) and negatively with the ownership share of the HQs in their foreign subsidiaries (r = −0,35, at p = 0.00). It means that the larger the company and the lower its ownership share in the foreign subsidiary, the higher the advancement level of EPA. However, the analysis didn't reveal any statistically significant correlations between the advancement level of EPA and such variables as the company's type of business activity, period of its operation, internationalization index (II), geographical spread index (GSI), number of total and foreign entities, and number of host countries.

5.3 The contributive role of employee performance appraisal in the organizational performance

Based on the five-degree measurement scale (1 – not important; 2 – slightly important; 3 – important; 4 – very important; 5 – of critical significance), the significance of employee performance appraisal to the company's performance results reached the highest mean value in the MNCs that applied a combination of stability & retrenchment business strategies (N = 32; $\bar{x} = 3,40$). This is interesting because it is the same type of organization in which the advancement level of this HRM subfunction was identified as the lowest in the previous subchapter. As far as the other organizations are considered, EPA contribution to the business performance appears to be slightly more important in the MNCs that applied growth strategies (N = 168; $\bar{x} = 3,23$) than in those realizing a combination of growth & stability strategies (N = 45; $\bar{x} = 3,07$). So, it means that the contributive role of EPA is perceived as important. The mean for the entire sample of MNCs it is $\overline{x_{EPA}} = 3,23$.

As for the structure of evaluations of EPA contribution to the company's performance results, none of the MNCs considered this contribution as unimportant, and only for 11% of them was it slightly important. For 53,5%, it was important, for 34,5% very important, and for 1% of critical significance.

When the structure of the evaluations is analyzed by the business strategies, the distribution of ratings looks very similar for companies that followed growth strategies and growth & stability strategies. The prevailing rate is 3 (important; indicated approximately by 60% of MNCs). Interestingly, in the companies that implemented stability & retrenchment strategies simultaneously, the dominant values of evaluation were 3 (important) and 4 (of very important), which were selected by, in both cases, 43% of respondents, respectively.

In the next stage, the data were analyzed with regard to the identification of relationships between the significance of EPA to the MNCs' performance results and the selected variables characterizing these organizations. However, no significant correlations have been identified between the contribution level of EPA and these variables, i.e. with the type of business activity, the company's size, period of its operation, the ownership share of the HQs in their foreign subsidiaries, internationalization index (II), geographical spread index (GSI), and the numbers of total and foreign entities and the number of host countries.

5.4 The relationships between the HQ and LS within the scope of employee performance appraisal

In the overwhelming majority of the companies under study, the role of MNCs' headquarters at the foreign entity level is relatively strong. Some

64% of them provide the detailed policies, procedures, and rules to their local subsidiaries, and centralized decision making with tight control over realization is preferred by 4% of respondents. In 29% of them, the role of the headquarters is based on providing the general guidelines and framework to be implemented by their local subsidiaries. The noninterventionist approach relying on decentralization of decisions at the local subsidiaries' level and granting them autonomy is practiced in only 4% of organizations. As a result, the average level of centralization for the entire research sample is $\overline{x_{EPA}}$ = 2,68 on the four-degree measurement scale where 1 means decentralization and 4 centralization.

When the directions of knowledge & skills flows within EPA are considered, it is apparent that the flow from the HQs to the local subsidiary is of a little higher significance ($\bar{x}$ = 3,30) than the flow in the opposite direction ($\bar{x}$ = 3,10). Anyway, as the five-degree scale was used (1 – not important; 2 – slightly important; 3 – moderately important; 4 – important; 5 – very important), it can be said that the flows in both directions are thought to be moderately important. This conclusion is based not only on the average mean but also on the analysis of evaluation structure. The value of 3 representing the moderate importance of the flows in both directions is indicated by exactly 70% of MNCs. Interestingly, none of the MNCs reports the direction from the HQ to local subsidiary as being unimportant, and in the case of the opposite direction, only 1% treats it as unimportant. Additionally, both directions of flows are evaluated the highest (very important) only by 1% of MNCs.

Although the internal correlations between variables describing EPA are considered in the next subchapter, it is worth paying attention here to those that determine – according the title of this subchapter – the relationships between the HQ and LS within the scope of EPA. A series of several correlation tests have been performed, and the results (see Table 5.3) show that the statistically significant positive correlations exist between the advancement level of EPA and: the contribution level of EPA (r = 0,35, at p < 0.001), the centralization level of EPA (r = 0,21, at p < 0.01), the knowledge & skills flows from the local subsidiary to the HQ (r = 0,39, at p < 0.001), and with the flows in the opposite direction (r = 0,40, at p < 0.001). At the same time, the contribution level of EPA is positively correlated with the knowledge & skills flows from the HQ to the local subsidiary (r = 0,19, at p < 0.01) and both of directions of the knowledge & skills flows are also mutually correlated (r = 0,29, at p < 0.001). Because all the variables discussed here are correlated, it can be concluded that in each case, when the value of one variable increases, the value of the other variable also increases.

In the subsequent correlation tests, no statistically significant correlations were found between the centralization level of EPA with such variables describing MNCS as the type of business activity, the period of operation

on the market, the company's size, the ownership share of the HQs in their foreign subsidiaries, internationalization index (II), geographical spread index (GSI), number of total and foreign entities. The only identified correlation is with the number of host countries, and it is negative (r = −0,14, at p = 0.048). So, it means the bigger the number of host countries, the lower the centralization level of EPA. As for the knowledge & skills flows, the direction from the HQ is correlated with nothing and the direction to the HQ is only negatively correlated with the ownership share of the HQs in their foreign subsidiaries (r = −0,24, at p = 0.001). The interpretation is that the smaller the ownership share of the HQs in their foreign subsidiaries, the more important the knowledge & skills flows from the LS to the HQ.

5.5 The internal correlations between the variables describing employee performance appraisal

The analysis of internal correlations between variables describing EPA was preceded by a variable distribution analysis using the Kolmogorov–Smirnov (with Lilliefors correction) and the Shapiro-Wilk normality tests. The results of these tests revealed that none of the variables had normal distribution (see Table 5.2.).

Due to the relative lack of normality distributions of the tested variables, it was decided to perform non–parametric analysis. Therefore, to verify the interrelationship between the variables under study, a series of correlation analyzes was made by Spearman's method. The outcomes are presented in Table 5.3. As in the case of HRM subfunctions, discussed in the previous chapters, seven variables describe EPA, and each of them can be correlated with six other variables in row ($\Sigma r_{\text{Max-row}} = 6$) at the potential degree up to $r = 1.00$, which gives total of $\Sigma r_{\text{Max-total}} = 42$.

Only one of the research variables reaches the highest possible number of correlations in the entire research sample, i.e. the advancement level of EPA with the score of $\Sigma r_{\text{Max-row}} = 6$. The range of values for the correlation coefficients is in the interval between $r = .21$ (p < ,01) and $r = .40$ (p < ,001). So, the increase the advancement level of EPA is associated with the increase in values of all other variables. It is also the variable that has the biggest number of the strongest correlations with the other variables in the whole pool of correlations. As for the correlation strength, it can be said that the second place takes the correlation between managerial competencies and knowledge & skills of employees treated as a competitive human factor. They are mutually related at $r = .38$ (p < ,001).

To sum up, the number of correlations obtained in the entire research sample is 24 out of 42 possible (≈57%), and when it comes to the value of correlation coefficient, the lowest is $r = .19$ (p < ,01), and the highest is $r = .40$ (p < ,001), so they range from rather weak to moderate.

Table 5.2 The results of normality tests and descriptive statistics for the variables describing EPA

Variables	KS	p for KS	SW	p for SW	M	SD	SE	MIN	MAX
Advancement level of EPA	0.08	<0.01	0.95	<0.001	3.43	0.19	0.01	2.67	3.86
Contribution level of EPA	0.30	<0.01	0.80	<0.001	3.26	0.66	0.05	2.00	5.00
Centralization of EPA	0.38	<0.01	0.75	<0.001	2.67	0.62	0.04	1.00	4.00
Knowledge & skills transfer from the HQ	0.31	<0.01	0.78	<0.001	3.30	0.63	0.04	2.00	5.00
Knowledge & skills transfer to the HQ	0.29	<0.01	0.83	<0.001	3.10	0.69	0.05	1.00	5.00
Human factor – employees	0.34	<0.01	0.73	<0.001	3.40	0.56	0.04	2.00	5.00
Human factor – managers	0.35	<0.01	0.73	<0.001	3.37	0.56	0.04	2.00	5.00

Source: Own research data.

Legend: KS – Kolmogorov–Smirnov test; SW – Shapiro – Wilk test; M – arithmetic mean; SD – standard deviation; SEM – standard error mean; MIN – minimum value; MAX – maximum value.

Table 5.3 The correlation matrix of the variables describing EPA and human factor

Variables	Advancement level of EPA	Contribution level of EPA	Knowledge & skills transfer to the HQ	Knowledge & skills transfer from the HQ	Centralization of EPA	Human factor – employees	Human factor – managers	No. of sig. r [$\Sigma r_{Max\text{-}row}$ = 6; $\Sigma r_{Max\text{-}total}$ = 42]
Advancement level of EPA		0.35***	0.39***	0.40***	0.21**	0.26***	0.28***	6
Contribution level of EPA	0.35***		0.10	0.19**	0.12	0.21**	0.20**	4
Knowledge & skills transfer to the HQ	0.39***	0.10		0.29***	0.06	0.03	0.13	2
Knowledge & skills transfer from the HQ	0.40***	0.19**	0.29***		0.10	0.10	0.04	3
Centralization of EPA	0.21**	0.12	0.06	0.10		0.12	0.15*	2
Human factor – employees	0.26***	0.21**	0.03	0.10	0.12		0.38***	3
Human factor – managers	0.28***	0.20**	0.13	0.04	0.15*	0.38***		4
No. of sig. r [$\Sigma r_{Max\text{-}row}$ = 6; $\Sigma r_{Max\text{-}total}$ = 42]	6	4	2	3	2	3	4	24

Source: Own research data.

Notes
*   Spearman's r significant at p < ,05.
**   Spearman's r significant at p < ,01.
*** Spearman's r significant at p < ,001.

5.6 The impact of employee performance appraisal on the company's performance results – The assessment of the reflective models

5.6.1 The primary findings for all models of employee performance appraisal

According to the assumptions adopted in Chapter 2, five reflective measurement models for EPA were built, i.e. four with particular types of company's performance results (i.e. in finance, quality, innovativeness, and HRM, respectively) and one comprehensive model with all performance results. However, before assessing these models, a correlation analysis by Spearman's method was carried out to verify the relationships between the major variables under study. As shown in Table 5.4 the company's performance results in finance are positively correlated only with the advancement level of EPA ($r = .28$; $p < ,001$). The results in quality also exhibit one relationship, but this time positive, with HF-employees ($r = .18$; $p < ,05$). The results in innovativeness are positively correlated with both the contribution level of EPA ($r = .25$; $p < ,0001$) and the knowledge & skills transfer to the HQ ($r = .17$; $p < ,05$). The results in HRM are positively correlated with the advancement level of EPA ($r = .39$; $p < ,0001$), the contribution level of EPA ($r = .33$; $p < ,0001$), the knowledge & skills transfer from the HQ ($r = .16$; $p < ,05$), and HF-employees ($r = .17$; $p < ,05$).

The assessment results of the five reflective measurement models for EPA are presented in Table 5.5. All models meet the required criteria of assessment (*c.f.* Garson, 2016; Hair et al., 2022).

As with other models for a single HRM subfunction, here also the values of paths of four variables are common for all reflective measurement models for EPA, regardless of the type of company's performance results. The four variables are: the centralization level, the advancement level, and transfer of knowledge & skills from the HQ and to the HQ. The summary of their path analysis conducted in in SEM-PLS is presented in Table 5.6.

Therefore, based on this summary, we can say that in each of the five measurement models for EPA, the centralization level of this HRM subfunction impacts directly on its advancement level ($\beta = .11$; $p = 0.05$), and this makes hypothesis H1 confirmed. At the same time, the advancement level is under a positive direct impact of both the knowledge & skills transfer to the HQs from the LS ($\beta = .37$; $p < 0.001$) and from the LS to the HQs ($\beta = .27$; $p = p < 0.001$). So, hypothesis H2 for both cases is confirmed as well. In addition, none of the directions of knowledge & skills flows mediates the relationships between the centralization level and the advancement level of EPA.

Table 5.4 The results of a correlation test for the variables describing EPA, human factor and company performance results

Variables		Company performance results			
		Finance	*Quality*	*Innovativeness*	*HRM*
Characteristics of EPA	**Advancement level**	**0.28****	−0.03	0.10	**0.39****
	Contribution level	0.08	0.13	**0.25****	**0.33****
	Knowledge & skills transfer to the HQ	0.14	−0.10	0.01	0.01
	Knowledge & skills transfer from the HQ	0.07	0.11	**0.17****	**0.16****
	Centralization level	0.11	−0.11	−0.04	0.05
Human factor	**Employees**	0.06	**0.18****	0.06	**0.17****
	Managers	0.02	0.09	−0.01	0.09

Source: Own research data.

Notes
* Spearman's r significant at p < ,05.
** Spearman's r significant at p < ,01.
*** Spearman's r significant at p < ,001.

Table 5.5 The assessment results of the reflective measurement models for EPA

Criteria of assessment	EPA models by company performance results				
	Finance	Quality	Innovativeness	HRM	All
AVIF (acceptable if ≤ 5, ideally ≤ 3.3)	1.156	1.021	1.033	1.117	1.277
GoF (small ≥ 0.1, medium ≥ 0.25, large ≥ 0.36)	0.309	0.278	0.280	0.309	0.310
SPR (acceptable if ≥ 0.7, ideally = 1)	0.750	1.000	1.000	0.917	0.833
RSCR (acceptable if ≥ 0.9, ideally = 1)	0.989	1.000	1.000	0.998	0.984
SSR (acceptable if ≥ 0.7)	0.833	1.000	0.917	1.000	0.792
NLBCDR (acceptable if ≥ 0.7)	0.917	0.958	1.000	0.917	0.896

Source: Own research data.

5.6.2 The reflective measurement model for employee performance appraisal with results in finance

The explanatory capability of the reflective measurement model for the latent variable EPA with results in finance is close to moderate (see Table 5.7). The variation of the effect (reflective) indicators that are assumed to be affected by a common underlying latent variable, i.e. the advancement level of EPA, is explained in about 30% ($R^2 = 0.29$). Additionally, the model exhibits predictive-relevance value (in-sample predictive power) for this latent variable construct ($Q^2 = 0.29$). At the same time, the variation of variables in the performance results in finance is explained in 17% ($R^2 = 0.17$), and the predictive relevance is identified as well ($Q^2 = 0.16$).

The path analysis for the latent variable EPA also reveals that its advancement level has a significant positive effect on all of its indicators, i.e. the company's performance results in finance ($\beta = .41$; $p < 0.001$), the contribution level of EPA to these financial results ($\beta = .31$; $p < 0.001$), and the evaluation of both HF-employees ($\beta = .25$; $p < 0.001$) and HF-managers ($\beta = .28$; $p < 0.001$) as the company's competitive factors. However, at the same time, no impact of the company's performance results in finance on the variables under study have been identified (see Table 5.8).

Figure 5.1 presents the empirical reflective measurement model for the latent variable of EPA and the relationships verified through the path coefficients and their referred meanings. It's evident that, contrary to the adopted assumptions, the company's performance results in finance do not directly affect either the appraisal of the human factor as the company's competitive factor or the evaluation of the contribution level of EPA to the company financial performance. In consequence, it means they do not

Table 5.6 Path analysis summary in SEM-PLS for variables with common values in all EPA models

Variables: Relationships in paths	*β – Path coefficient*	*p-value*	*Std. error*	*T ratios*
Centralization level → Transfer to the HQ	0.029	0.339	0.070	0.417
Centralization level → Transfer from the HQ	0.071	0.153	0.070	1.025
Centralization level → Advancement level	0.114	0.050	0.069	1.652
Transfer to the HQ → Advancement level	0.367	<0.001	0.066	5.571
Transfer from the HQ → Advancement level	0.273	<0.001	0.067	4.074

Source: Own research data.

Table 5.7 Latent variable coefficients for EPA and performance in finance: Explanatory capability and in-sample predictive power

Coefficient	Knowledge & skills transfer to the HQ	Knowledge & skills transfer from the HQ	Advancement level of EPA	Contribution level of EPA	Human factor – employees	Human factor – managers	Performance results in finance
R^2	0.001	0.005	0.287	0.090	0.052	0.065	0.168
Q^2	0.001	0.006	0.291	0.096	0.053	0.066	0.158

Source: Own research data.

Interpretation:

R^2 – The amount of variance explained in the construct (very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67).

Q^2 – The predictive capability based on blindfolding procedure (predictive relevance if > 0.00).

Table 5.8 Path analysis summary in SEM-PLS for EPA and company performance in finance

Variables: Relationships in paths	β – Path coefficient	p-value	Std. error	T ratios
Advancement level → Performance results in finance	0.410	<0.001	0.065	6.268
Advancement level → Contribution level	0.312	<0.001	0.067	4.680
Advancement level → Human factor: employees	0.246	<0.001	0.067	3.647
Advancement level → Human factor: managerial staff	0.278	<0.001	0.067	4.149
Performance results in finance → Human factor: employees	−0.065	0.178	0.070	−0.926
Performance results in finance → Human factor: managerial staff	−0.097	0.082	0.069	−1.394
Performance results in finance → Contribution level	−0.034	0.312	0.070	−0.491

Source: Own research data.
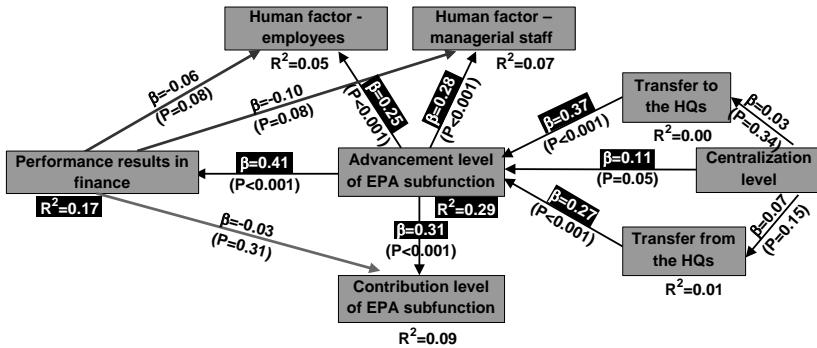
Figure 5.1 The reflective measurement model for a latent variable of employee performance appraisal (EPA) with performance results in finance.

Source: Own research data.

Note: ■ – Statistically meaningful observations.

mediate the relationships between the advancement level of EPA and the evaluation of human factor (both HF-employees and HF-managers), nor the relationships between the advancement level of EPA and the evaluation of the contribution level of EPA to the company's financial performance.

When verifying the specific research hypotheses developed for this model, we can say that four of them have been supported empirically. Namely, the advancement level of EPA appears to impact directly and positively on each of its reflective indicators, i.e. on the company's performance results in finance (H4), the evaluation of both types of human factor (H5 for HF-employees and H5 for HF-managers), and the contribution level of EPA the company's performance results in finance (H6).

5.6.3 *The reflective measurement model for employee performance appraisal with results in quality*

The explanatory capability of the reflective measurement model for the latent variable EPA with results in quality is moderate (see Table 5.9). The variation of the effect (reflective) indicators that are assumed to be affected by a common underlying latent variable, i.e. the advancement level of EPA, is explained in about 30% ($R^2 = 0.29$). Additionally, the model exhibits predictive relevance value (in-sample predictive power) for this latent variable construct ($Q^2 = 0.29$). At the same time, the variation of variables in the contribution level of EPA is explained in 10% ($R^2 = 0.10$), and the predictive relevance is identified as well ($Q^2 = 0.10$).

As for the direct impact of the latent variable EPA in the model with results in quality on its reflective indicators, three such impacts have been identified and all positive, i.e. on the contribution level of EPA to the performance

Table 5.9 Latent variable coefficients for EPA and performance in quality: Explanatory capability and in-sample predictive power

Coefficient	Knowledge & skills transfer to the HQ	Knowledge & skills transfer from the HQ	Advancement level of EPA	Contribution level of EPA	Human factor – employees	Human factor – managers	Performance results in quality
R²	0.001	0.005	0.287	0.100	0.083	0.066	0.000
Q²	0.001	0.006	0.291	0.104	0.083	0.069	0.001

Source: Own research data.

Interpretation:

R^2 – The amount of variance explained in the construct (very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67).

Q^2 – The predictive capability based on blindfolding procedure (predictive relevance if > 0.00).

results in quality ($\beta = 0.30$; $p < 0.001$), the knowledge & skills of employees ($\beta = 0.22$; $p < 0.001$), and the managerial competencies ($\beta = 0.24$; $p < 0.001$). Moreover, as shown in Table 5.10, the performance results in quality impact directly and positively on the evaluation of knowledge & skills of employees as a competitive factor ($\beta = 0.19$; $p = 0.004$).

Figure 5.2 presents the research model for the latent variable of EPA with a results in quality and the relationships verified through the path coefficients and their referred meanings. It's apparent that, in accordance with the assumptions adopted, the evaluations of both knowledge & skills of employees and the managerial competencies are under the direct and positive impact of the advancement level of EPA. When it comes to the evaluation of the contribution level of EPA to the company performance results in quality, it's not under the direct positive impact of these results; however, it's impacted directly and positively by its own advancement level ($\beta = 0.30$; $p < 0.001$).

When verifying the specific research hypotheses developed for this model, we can say that four of them have been supported empirically. Well, it turns out that the advancement level of EPA may impact directly and positively on the evaluation of its contribution level to the company's performance results in quality (HA6) and for both types of the human factor (H5A for HF-employees and H5A for HF-employees). Furthermore, the company's performance results in quality impact directly and positively on the evaluation of knowledge & skills of employees as a company's competitive human factor (H8A for HF-employees).

5.6.4 *The reflective measurement model for employee performance appraisal with results in innovativeness*

The explanatory capability of the reflective measurement model for the latent variable EPA with results in innovativeness is moderate (see Table 5.11). The variation of the effect (reflective) indicators that are assumed to be affected by a common underlying latent variable, i.e. the advancement level of EPA, is explained in about 30% ($R^2 = 0.29$). Additionally, the model exhibits predictive relevance value (in-sample predictive power) for this latent variable construct ($Q^2 = 0.29$). Simultaneously, the variation of variables in the contribution level of EPA is explained in 13% ($R^2 = 0.13$), and the predictive relevance is identified as well ($Q^2 = 0.13$).

As for the impact of the latent variable EPA in the model with results in innovativeness on its indicators, it has positive effect on all of its reflective variables, i.e. on its contribution level to the company's performance results in innovativeness ($\beta = 0.27$; $p < 0.001$), on these results alone ($\beta = 0.13$; $p = 0.031$), and the knowledge & skills of employees ($\beta = 0.22$; $p < 0.001$) and the managerial competencies ($\beta = 0.25$; $p < 0.001$) as competitive factor. Additionally, the performance results in innovativeness impact directly and positively on the evaluation of the contribution level of EPA to these results

Table 5.10 Path analysis summary in SEM-PLS for EPA and company performance in quality

| Variables: Relationships in paths	β – Path coefficient	p-value	Std. error	T ratios
Advancement level → Performance results in quality	0.000	0.500	0.071	0.001
Advancement level → Contribution level	0.298	<0.001	0.067	4.456
Advancement level → Human factor: employees	0.219	<0.001	0.068	3.237
Advancement level → Human factor: managerial staff	0.238	<0.001	0.068	3.530
Performance results in quality → Human factor: employees	0.186	0.004	0.068	2.719
Performance results in quality → Human factor: managerial staff	0.096	0.083	0.069	1.389
Performance results in quality → Contribution level	0.107	0.063	0.069	1.540

Source: Own research data.
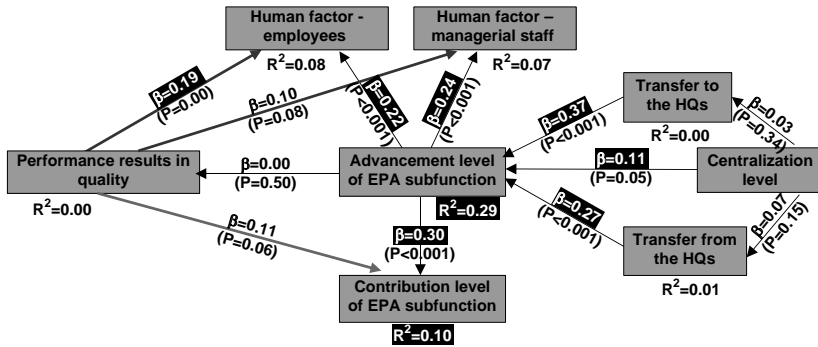
Figure 5.2 The reflective measurement model for a latent variable of employee
performance appraisal (EPA) with performance results in quality.

Source: Own research data.

Note: ■ – Statistically meaningful observations.

($\beta = 0.20$; $p = 0.002$). As shown in Table 5.12, no effects of the performance
results in innovativeness on the evaluation on human factor have been
identified.

Figure 5.3 presents the research model for the latent variable of EPA with
results in innovativeness and the relationships verified through the path
coefficients and their referred meanings. Again, like in the case of the model
with results in finance, neither the knowledge & skills of employees nor the
managerial competencies are under a direct effect of the performance results
in innovativeness. In consequence it means, these results do not mediate
the relationships between the human factor and the advancement level of
EPA. As far as the evaluation of the contribution level of EPA to the
company performance results in innovativeness is concerned, it is under a
positive impact of its own advancement level ($\beta = 0.27$; $p < 0.001$)
and under the positive impact of the performance results in innovativeness
($\beta = 0.20$; $p = 0.002$).

When verifying the specific research hypotheses developed for this
model, we can say that six of them have been supported empirically.
Namely, the advancement level of EPA appears to impact directly and
positively on each of its reflective indicators, i.e. on the company's per-
formance results in innovativeness (H4), the evaluation of both types of
human factor (H5 for HF-employees and H5 for HF-managers), and the
contribution level of EPA the company's performance results in innova-
tiveness (H6). Moreover, the company's performance results in innova-
tiveness mediate positively the relationships between the advancement level
of EPA and the evaluation of the contribution level of this HRM sub-
function to the company's performance results (H10A). It is because these
results are under the direct impact of the advancement level of EPA, as

Table 5.11 Latent variable coefficients for EPA and performance in innovativeness: Explanatory capability and in-sample predictive power

Coefficient	Knowledge & skills transfer to the HQ	Knowledge & skills transfer from the HQ	Advancement level of EPA	Contribution level of EPA	Human factor – employees	Human factor – managers	Performance results in innovativeness
R²	0.001	0.005	0.287	0.128	0.048	0.061	0.017
Q²	0.001	0.006	0.291	0.133	0.050	0.064	0.017

Source: Own research data.

Interpretation:

R^2 – The amount of variance explained in the construct (very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67).

Q^2 – The predictive capability based on blindfolding procedure (predictive relevance if > 0.00).

Table 5.12 Path analysis summary in SEM-PLS for EPA and company performance in innovativeness

Variables: Relationships in paths	β – Path coefficient	p-value	Std. error	T ratios
Advancement level → Performance results in innovativeness	0.130	0.031	0.069	1.883
Advancement level → Contribution level	0.272	<0.001	0.067	4.046
Advancement level → Human factor: employees	0.218	<0.001	0.068	3.207
Advancement level → Human factor: managerial staff	0.247	<0.001	0.067	3.665
Performance results in innovativeness → Human factor: employees	0.015	0.416	0.071	0.212
Performance results in innovativeness → Human factor: managerial staff	−0.067	0.170	0.070	−0.956
Performance results in innovativeness → Contribution level	0.200	0.002	0.068	2.946

Source: Own research data.
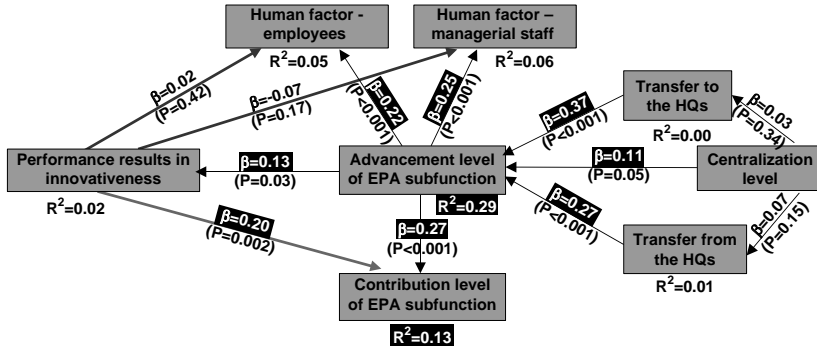
Figure 5.3 The reflective measurement model for a latent variable of EPA with performance results in innovativeness.

Source: Own research data.

Note: ■ – Statistically meaningful observations.

mentioned above, and at the same time, they impact directly on the evaluation of the contribution level of EPA to these results (H7A).

5.6.5 The reflective measurement model for employee performance appraisal with results in HRM

The explanatory capability of the reflective measurement model for the latent variable EPA with results in HRM is moderate (see Table 5.13). The variation of the effect (reflective) indicators that are assumed to be affected by a common underlying latent variable, i.e. the advancement level of EPA, is explained in about 30% ($R^2 = 0.29$). Additionally, the model exhibits predictive relevance value (in-sample predictive power) for this latent variable construct ($Q^2 = 0.29$). Simultaneously, the variation of variables in the contribution level of EPA is explained in 14% ($R^2 = 0.14$), and the predictive relevance is identified as well ($Q^2 = 0.15$). Moreover, the variation of variables in the performance results in HRM is explained in 13% ($R^2 = 0.13$), and the predictive relevance is observable as well ($Q^2 = 0.12$).

As for the impact of the latent variable EPA in the model with results in HRM on its indicators, it has positive effect on all of its reflective variables, i.e. on its contribution level to the company's performance results in HRM ($\beta = 0.21$; $p = 0.001$), on these results alone ($\beta = 0.35$; $p < 0.001$), and the knowledge & skills of employees ($\beta = 0.19$; $p = 0.003$) and the managerial competencies ($\beta = 0.25$; $p < 0.001$) as competitive factor. Additionally, the performance results in HRM directly and positively affect the evaluation of the contribution level of EPA to these results ($\beta = 0.25$; $p < 0.001$). As shown in Table 5.14, no effects of the performance results in HRM on the evaluation on human factor have been identified.

Table 5.13 Latent variable coefficients for EPA and performance in HRM: Explanatory capability and in–sample predictive power

Coefficient	Knowledge & skills transfer to the HQ	Knowledge & skills transfer from the HQ	Advancement level of EPA	Contribution level of EPA	Human factor – employees	Human factor – managers	Performance results in HRM
R²	0.001	0.005	0.287	0.141	0.053	0.057	0.125
Q²	0.001	0.006	0.291	0.147	0.055	0.059	0.123

Source: Own research data.
Interpretation:
R^2 – The amount of variance explained in the construct (very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67).
Q^2 – The predictive capability based on blindfolding procedure (predictive relevance if > 0.00).

Table 5.14 Path analysis summary in SEM-PLS for EPA and company performance in HRM

Variables: Relationships in paths	β – Path coefficient	p-value	Std. error	T ratios
Advancement level → Performance results in HRM	0.354	<0.001	0.066	5.358
Advancement level → Contribution level	0.211	0.001	0.068	3.104
Advancement level → Human factor: employees	0.192	0.003	0.068	2.822
Advancement level → Human factor: managerial staff	0.245	<0.001	0.067	3.627
Performance results in HRM → Human factor: employees	0.077	0.136	0.070	1.101
Performance results in HRM → Human factor: managerial staff	−0.018	0.401	0.070	−0.251
Performance results in HRM → Contribution level	0.245	<0.001	0.067	3.634

Source: Own research data.
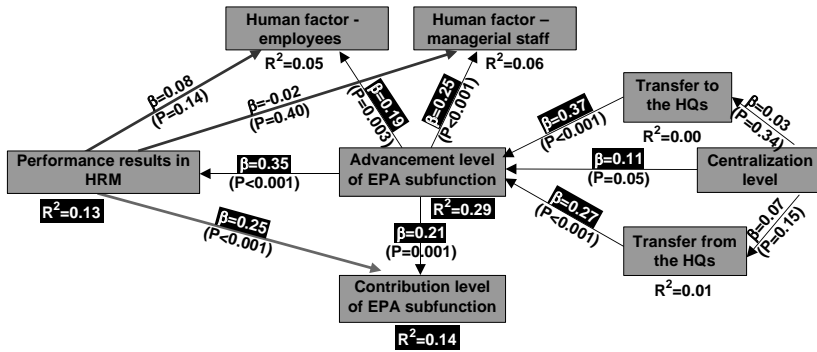
Figure 5.4 The reflective measurement model for a latent variable of EPA with performance results in HRM.

Source: Own research data.

Note: ■ – Statistically meaningful observations.

Figure 5.4 presents the research model for the latent variable of EPA with results in HRM and the relationships verified through the path coefficients and their referred meanings. We find here the same regularities that took place in the model for EPA with results in innovativeness, although particular values for the variables are slightly different. So, neither the knowledge & skills of employees nor the managerial competencies are under a direct effect of the performance results in innovativeness. In consequence, it means these results do not mediate the relationships between the human factor and the advancement level of EPA. As far as the evaluation of the contribution level of EPA to the company performance results in HRM is concerned, it is under a positive impact of its own advancement level ($\beta = 0.21$; $p = 0.001$) and under the positive impact of the performance results in HRM ($\beta = 0.25$; $p < 0.001$).

When verifying the specific research hypotheses developed for this model, we can say that six of them have been supported empirically. Namely, the advancement level of EPA appears to impact directly and positively on each of its reflective indicators, i.e. on the company's performance results in HRM (H4), the evaluation of both types of human factor (H5 for HF-employees and H5 for HF-managers), and the contribution level of EPA the company's performance results in HRM (H6). Moreover, the company's performance results in HRM mediate positively the relationships between the advancement level of EPA and the evaluation of the contribution level of this HRM subfunction to the company's performance results (H10A). It is because these results are under the direct impact of the advancement level of EPA, as mentioned above, and at the same time, they directly affect the evaluation of the contribution level of EPA to these results (H7A).

5.6.6 The comprehensive reflective measurement model for employee performance appraisal with all types of performance results

The explanatory capability of the comprehensive reflective measurement model for the latent variable EPA with all types of performance results is moderate (see Table 5.15). Similar to the previously discussed EPA models, the variation of the effect (reflective) indicators that are assumed to be affected by a common underlying latent variable, i.e. the advancement level of EPA, is explained in about 30% ($R^2 = 0.29$). Moreover, the model exhibits predictive-relevance value (in-sample predictive power) for this latent variable construct ($Q^2 = 0.29$). Furthermore, there are some other meaningful observations. One refers to the contribution level of EPA. Here, the variation of variables is explained in 16% ($R^2 = 0.16$), and the predictive relevance is found as well ($Q^2 = 0.17$). Two others observations concern human factor. Namely, the variation of variables in HF-employees as well as in HF-managers are explained in 10% ($R^2 = 0.10$) with identifiable predictive power ($Q^2 = 0.10$).

In the case of the comprehensive reflective measurement model for the latent variable EPA with all types of performance results, further analysis has revealed that this variable positively influences six of its reflective variables, i.e. the company's performance results in finance ($\beta = 0.41$; $p < 0.001$), results in innovativeness ($\beta = 0.13$; $p = 0.031$), results in HRM ($\beta = 0.35$; $p < 0.001$), the contribution level of EPA to the all company's performance results ($\beta = 0.23$; $p < 0.001$), as well as on the evaluation of both the knowledge & skills of employees ($\beta = 0.24$; $p < 0.001$) and the managerial

Table 5.15 Latent variable coefficients for EPA and all types of performance results: Explanatory capability and in-sample predictive power

Variable	Coefficient	
	R^2	Q^2
Knowledge & skills transfer to the HQ	0.001	0.001
Knowledge & skills transfer from the HQ	0.005	0.006
Advancement level of EPA	0.287	0.291
Contribution level of EPA	0.160	0.170
Human factor – employees	0.103	0.105
Human factor – managers	0.092	0.096
Performance results in finance	0.168	0.158
Performance results in quality	0.000	0.001
Performance results in innovativeness	0.017	0.017
Performance results in HRM	0.125	0.123

Source: Own research data.
Interpretation:
R^2 – The amount of variance explained in the construct (very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67).
Q^2 – The predictive capability based on blindfolding procedure (predictive relevance if > 0.00).

competencies ($\beta = 0.29$; $p < 0.001$) as a company's competitive factor. As for the evaluation of the contribution level of EPA, it is impacted positively by two types of the company's performance results, i.e. by the results in innovativeness ($\beta = 0.12$; $p = 0.049$) and by the results in HRM ($\beta = 0.20$; $p = 0.002$). Table 5.16 shows the path analysis summary for EPA and all types of company performance results.

Figure 5.5 presents the comprehensive research model for the latent variable of EPA with all types of company's performance results verified through the path coefficients and their referred meanings. In this model, when the competitive human factor is considered, the knowledge & skills of employees is impacted by two types of the company's performance results and the managerial competencies by three. As for the HF-employees, on one side, this variable is under a positive impact of performance results in quality ($\beta = 0.24$; $p < 0.001$), and on the other side, it's under a negative impact of performance results in innovativeness ($\beta = -0.13$; $p = 0.031$). As far as HF-managers is considered, it is under a positive impact of performance results in quality ($\beta = 0.17$; $p = 0.007$) and negative results in finance ($\beta = -0.11$; $p = 0.05$) and innovativeness ($\beta = -0.16$; $p = 0.013$). When it comes to the evaluation of the contribution level of EPA to the company overall performance results, it is under a positive impact of two types of performance results, i.e. innovativeness ($\beta = 0.12$; $p = 0.049$) and HRM ($\beta = 0.20$; $p = 0.002$).

When it comes to verifying the hypotheses developed for this model (which covers all types of the company's performance results), 20 of them have been confirmed. Five concern the mediation effects. The first confirmed mediation hypothesis states that the company's performance results in innovativeness mediate positively the relationships between the advancement level of EPA and the evaluation of the contribution level of this HRM subfunction to the company's performance results (H10B for innovativeness). It's based on the positive verification of the hypotheses in which the direct and positive effects of the advancement level of EPA on the company's performance results in innovativeness (H4 for innovativeness) and the direct positive effects of the performance results in innovativeness on the contribution level of EPA (H7B for innovativeness) are confirmed. The second confirmed mediation hypothesis refers to the positive mediating role of the company's performance results in HRM in the relationships between the advancement level of EPA and the evaluation of the contribution level of this HRM subfunction to the company's performance results (H10B for HRM). This results from the positive confirmation of a direct and positive impact of the advancement level of EPA on the company's performance results in HRM (H4 for HRM) and a direct and positive impact of the company's performance results in HRM on the evaluation of the contribution level of EPA (H7B for HRM). The third confirmed mediation hypothesis is about the negative mediating role of the company's performance results in finance in the relationships between

Table 5.16 Path analysis summary in SEM-PLS for EPA and all types of company performance results

Variables: Relationships in paths	β – Path coefficient	p-value	Std. error	T ratios
Advancement level → Performance results in finance	0.410	<0.001	0.065	6.268
Advancement level → Performance results in quality	0.000	0.500	0.071	0.001
Advancement level → Performance results in innovativeness	0.130	0.031	0.069	1.883
Advancement level → Performance results in HRM	0.354	<0.001	0.066	5.358
Advancement level → Contribution level	0.234	<0.001	0.068	3.454
Advancement level → Human factor: employees	0.237	<0.001	0.068	3.511
Advancement level → Human factor: managerial staff	0.294	<0.001	0.067	4.405
Performance results in finance → Human factor: employees	−0.094	0.089	0.069	−1.351
Performance results in quality → Human factor: employees	0.238	<0.001	0.068	3.525
Performance results in innovativeness → Human factor: employees	−0.129	0.031	0.069	−1.870
Performance results in HRM → Human factor: employees	0.106	0.064	0.069	1.527
Performance results in finance → Human factor: managerial staff	−0.114	0.050	0.069	−1.649
Performance results in quality → Human factor: managerial staff	0.169	0.007	0.068	2.474
Performance results in innovativeness → Human factor: managerial staff	−0.155	0.013	0.069	−2.253
Performance results in HRM → Human factor: managerial staff	0.031	0.331	0.070	0.439
Performance results in finance → Contribution level	−0.055	0.217	0.070	−0.783
Performance results in quality → Contribution level	0.039	0.292	0.070	0.549
Performance results in innovativeness → Contribution level	0.115	0.049	0.069	1.659
Performance results in HRM → Contribution level	0.202	0.002	0.068	2.972

Source: Own research data.
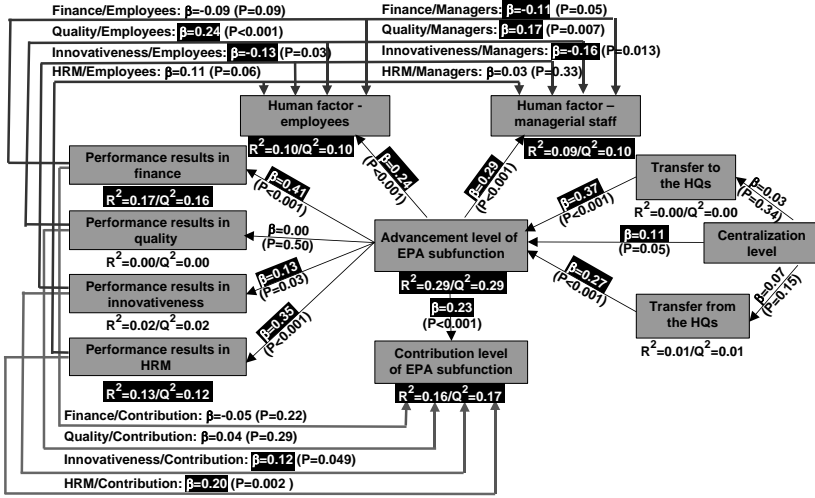
Figure 5.5 The comprehensive reflective measurement model for a latent variable of
EPA with all performance results.

Source: Own research data.

Note: ■   Statistically meaningful observations.

the advancement level of EPA and the evaluation of managerial compe-
tencies as a company's competitive human factor (H9B for HF-managers).
This is associated with the confirmation of a direct positive impact of the
advancement level of EPA on the company's performance results in finance
(H4 for finance) and a direct negative impact of this type of results on
the evaluation of managerial competencies (H8B for HF-managers). And
the fourth and fifth confirmed mediation hypotheses concern the negative
mediating roles of the company's performance results in innovativeness in
the relationships between the advancement level of EPA and the evaluation
of the human competitive factor, including both the evaluation of
knowledge & skills of employees (H9B for HF-employees) and the eva-
luation of managerial competencies (H9B for HF-managers). This is con-
nected with the confirmation of a direct impact of the company's
performance results in innovativeness on both types of human factor (H8B
for HF-employees and H8B for HF-managers) and the confirmation of the
above mentioned hypothesis H4 for innovativeness.

   Among the remaining empirically supported hypotheses, two indicate the
positive impact of the company's performance results in quality on the
evaluation of both categories of human factor, i.e. knowledge & skills of
employees (H8B for HF-employees) and managerial competencies (H8B for
HF-managers). And the last three supported hypotheses describe the positive
direct impacts of the advancement level of EPA on its on contribution level

(H6B), the evaluation of knowledge & skills of employees (H5B for HF-employees), and the evaluation of managerial competencies as a company's (H5B for HF-managers) competitive human factor.

5.7 A concise summary of the research findings in the scope of employee performance appraisal

In the literature on the subject, employee-performance appraisal (EPA) is considered through the prism of two basic perspectives. In one, it is perceived as an element of the broader performance-management system, and in the other, as a system containing many elements that make up performance management. In traditional distinction, it was assumed that in the first perspective, it is a process that starts the year with performance planning and is integral to the way people are managed throughout the year, whereas in the second perspective, it is a year-end event consisting of the completion of the employee appraisal form. However, nowadays, more and more companies are moving from traditional EPA toward more-frequent, development-focused conversations between managers and employees. The new solutions include both an annual appraisal and a continuous process identifying, measuring, and developing the performance of individuals and teams and aligning their performance with the organization's goals throughout the year. This model is a response to serious problems that the enterprises have experienced for many years and are related to the attraction and retention of employees in the organization and shaping their work engagement.

EPA can impact organizational performance because it allows employees to know what is expected from them, what the performance parameters are, and, through a good feedback mechanism, it helps them to know how they are progressing within the organization in carrying out their duties, tasks, and responsibilities. Additionally, it provides the basis for improving their capabilities, skills, abilities, competencies, and job satisfaction. Therefore, for EPA to be effective, it must be associated with other HRM subfunction, at least regarding the employee's development, career management, reward system, and shaping employee work engagement and organizational commitment. Hence, an organization should use EPA to align HRM to company values and strategic goals, but at the same time, the EPA concept must be adapted to the organization's social context to develop and increase positive interpersonal relationships between people and not destroy them.

EPA covers activities based on specific procedures that aim for collecting, comparing, transferring, updating, and utilizing the information received from employees and about employees to determine their qualities and work results, as well as and their potential abilities and capabilities, which are useful in the organization and are currently identifiable or will be developed in a certain future. In the conceptual development undertaken in this

monograph for research purposes, EPA covers eight components, which are listed in Table 5.1.

Summarizing the most important research findings presented in this chapter, it is worth recalling that the overall mean value of the advancement level of EPA in the research sample is relatively high. Moreover, the advancement levels of particular components are evaluated in a similar way. When business strategies are considered, the advancement level of EPA is appraised a little lower in the MNCs applying growth strategies with comparison to the organizations realizing simultaneously growth & stability strategies. The lowest rating is obtained in companies with stability & retrenchment strategies. This may suggest that in organizations that are not oriented toward business extension or are forced to reduce their businesses, the advancement level of EPA doesn't constitute their primary subject of interest. This may be because the developmental needs in this type of organizations are usually not as great as in organizations focusing on growth. As for the contribution of EPA to the business-performance results, on average, it appears to be important. It reaches the highest mean value in the MNCs that realize a combination of stability & retrenchment strategies.

The role of MNCs' headquarters at the foreign entity level is relatively strong. In the overwhelming majority of the companies it relies on providing the detailed policies, procedures, and rules from the HQ to the local subsidiaries. It can be said that EPA shows more centralization than decentralization features; however, with comparison to STO discussed in Chapter 3, it is less centralized. When the directions of knowledge & skills flows within EPA are considered, it is apparent that the flow from the HQs to the local subsidiary is of a little higher significance than the flow in the opposite direction. Anyway, both of these directions are thought to be close to moderately important in their average meaning.

With regard to the five reflective-measurement models developed for the latent variable EPA, each meets the assessment criteria, exhibits predictive relevance value, and their predictive capability is moderate. In each of them, the centralization level of this HRM subfunction, as well as both directions of knowledge & skills flows, i.e. to the HQs and from the HQs, directly and positively affect its advancement level. However, these directions do not mediate the relationships between the centralization level of EPA and its advancement level. This seems to explain why the centralization level with EPA is a little lower than in STO. Additionally, the research findings suggest that the number of host countries may matter here. Unlike the models of STO and SEWE&JS discussed in the previous chapters, it was only the model of EPA in which it was identified that the bigger the number of host countries, the lower the centralization level of EPA.

The advancement level of EPA has a positive direct impact on the company's performance results in finance, innovativeness, and HRM, but has no significant impact on the results in quality. When straight correlations are analyzed, it is even observable that no statistically significant correlations

occur between the advancement level of EPA and the company's results in quality and quality. This may suggest that the content and configuration of particular components of EPA, together with their advancement levels, are not properly tailored with the company's quality measures, or there is a gap between what is expected of EPA and in what way the practices used in it are associated with expectations in terms of quality. However, it should be borne in mind, as mentioned in the previous chapters, that such an interpretation is limited because it is based on *ceteris paribus*, and yet there may be many other variables that shape the examined fragment of organizational reality. But from the managerial perspective, such research findings seem to be important. They show that there is some potential in EPA, which organizations can use if they adapt its concept and construction not only to their business goals and strategies, but also to their social context.

A juxtaposition of the data on the strategies used by the MNCs with the evaluation of the contribution level of EPA to the company's performance results leads to some additional conclusions. Namely, the research shows that the contribution level of EPA is evaluated higher in the organizations that apply a combination of stability & retrenchment business strategies with comparison to the organizations following other types of strategies. This may mean that for organizations that want to maintain their current position, even by reducing business, EPA is perceived as a good tool enabling the implementation of set goals and strategies. Such a conclusion may be also confirmed by the fact that performance results in innovativeness and HRM impact directly and positively on the evaluation of the contribution level of EPA to these results, and at the same time, they mediate positively the relationships between the advancement level and contribution level of EPA. And again, as the research data were collected at the HQs, this may suggest that the managerial staff at the HQs is more interested in strengthening the impact power of EPA on the results in innovativeness and HRM than other in results, but of course, this demands tailoring the supporting systems to the local environment to be effective. The identification of this phenomena seems to be also confirmed by the fact that the centralization level of EPA is not very high and its impact on the advancement level of EPA is mediated neither by the knowledge & skills flows to the HQ or in the reverse direction.

With regard to the human factor, it's evaluation as a company's competitive factor, in both categories (non-managerial and managerial), is affected positively by the advancement level of EPA in each of the models of EPA under study. Additionally, the knowledge & skills of employees are positively impacted by the performance results in quality in two reflective measurement models for a latent variable of EPA: with performance results in quality and with all performance results. As for the last of these two models, the performance results in quality also positively impact on the managerial competencies. However, in the model for EPA with all performance results, both categories of human factor are affected negatively by the performance result in innovativeness. All this may suggest that in the context of EPA, the

evaluation of human factor as a company's competitive factor is performed through the prism of the company's performance results in quality, and the evaluation of the contribution level of EPA to the company's performance results through the prism of the results in innovativeness and HRM.

Finally, it can be summarized that the latent variable EPA in the comprehensive model with all types of performance results turns out to be a good predictor for such reflective variables as performance results in finance, performance results in HRM, the evaluation the contributive level of EPA to the overall company's performance, and both categories of human factor as a company's competitive factor.

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6 Multiscope Employee Development: Talents, Competencies & Careers

6.1 The conceptual construct of multiscope employee development

Employee training & development is an HRM subfunction of fundamental importance for its results from the business perspective. Employee development is defined as activities that seek to prepare employees to perform work and take positions of higher responsibility. It involves providing an employee with knowledge, skills, or competencies that may be used immediately on the job or at some time in the future. Hence, it can be composed of various training activities meant to upgrade employees' skills, knowledge, and competencies to increase their efficiency and/or effectiveness. But with comparison to development, which is more future-oriented, training focuses on their immediate on-the-job use (Fitzgerald, 1992; McCauley & Hezlett, 2001; Noe, 2017; Stor, 2022). The overall goal of training & development is learning (Noe, 2017), and thus, it is understood as a process that encompasses the learning of all individuals in organizations and refers to an integrated set of planned programs. This is why it is sometimes interchangeably called learning & development (Jacobs & Washington, 2003).

Employee development uses various methods, like on-the-job and off-the-job, single-session meetings, and complex development centers, or formal and informal (Chen & Naquin, 2006; Suchodolski, 2010). Many companies, recognizing that learning goes beyond typical face-to-face classes, are using technology to make it easier for employees in different locations to learn and share knowledge through formal courses, as well as through collaboration and social networks (Noe, 2017). They are investing in remote tools and forms of employee development, starting a time of an unprecedented rapid development of the digital transformation in this range (McGuire et al., 2021). In some cases, the gamification has become increasingly common in employee training (Armstrong & Landers, 2018). However, for the methods used in employee development to be effective, the companies should always adapt them to recipients' characteristics, such age, gender, needs, position held in the company, and many others (Sitko-Lutek & Jakubiak, 2020).

Organizational practice regarding employee development and research in this area have undergone various stages. It is assumed that the current stage has been going on since 2008, when the world experienced a global financial crisis (Pham-Duc et al., 2022). A series of trends shaping the current workplace has changed the nature of human capital development practice to be more employee-driven. The current stage is characterized by a broader conceptualization of employee development (Dachner et al., 2021) and a shift from formal training to shaping a culture of lifelong individual development in which employees are expected to take more responsibility for their development and employability. Such a new approach is required by the dynamic times of VUCA (volatility, uncertainty, complexity, and ambiguity) determining the environment in which organizations currently operate (Mikołajczyk, 2022). Employee development helps organizations to navigate VUCA in such times. The pace of change, as well as intensified development of modern technology, dynamically shape the work environment, influencing trends and methods used in employee development. Expectations change, developmental forms evolve, and the need for new tools and training emerges (Williams, 2020) with the focus on strengthening psychological capital as an element of sustainable employee development (Wojtczuk-Turek, 2020).

One of the biggest challenges modern organizations face is the Great Resignation (the term coined by A. Klotz), also known as the Big Quit and the Great Reshuffle (Kaplan, 2021), which is an ongoing economic and societal trend in which employees voluntarily give up work massively. Possible reasons include unmet developmental and work-life balance needs, increasing living costs accompanied by wage stagnation, long-lasting work dissatisfaction, safety concerns of the COVID-19 pandemic, willingness to work in companies with better flexible work policies, including hybrid and remote options, and an employee-driven labor market that creates the possibilities of obtaining a better employment offer elsewhere. Some people believe that Great Resignation is the predecessor to quiet quitting, the phenomenon discussed in Chapter 4.

The Great Resignation has created numerous knowledge-related impacts at the organizational level; for example, knowledge loss, reduced business process efficiency, damaged intra-organizational knowledge flows, lower relational capital, loss of informal friendship networks, difficulty attracting the best human capital, undermined knowledge-transfer processes, and knowledge leakage to competition (Serenko, 2022). As the costs of the Great Resignation continue to grow, companies need more ways to attract and retain employees. Employee resignation and retention are two sides of the same coin. One covers the push factors that cause employees to resign, and the other is created by the pull factors that cause employees to join an organization and remain there (Tessema et al., 2022). On the pull side, one clear approach is to offer more training and development. According to a 2020 LinkedIn study, 94% of employees said they would stay with their employer

if it invested in their development. More specifically, the research confirmed the most engaged employees came from organizations that prioritize career development (L&D in a new decade …, 2020). Companies seem to understand these needs; in the 2022 study conducted again by LinkedIn, 72% of them agree that learning and development have become a more strategic function at their organization (The transformation of L&D …, 2022).

Yet, training & development is not the only HRM subfunction that deals with the development of employees in the organization. Others, equally significant, are career management, competency management, and talent management. Career management means a company's efforts to match the ways of achieving company and employee objectives by giving workers the assistance to identify, realize, and monitor their personal career needs and goals (Noe, 2017; Greenhaus et al., 2019; Armstrong & Taylor, 2020; Dessler, 2020). Sometimes it is even called strategic career management (Yarnall, 2008). The issue is getting more attention in the so-called new career era in which boundaryless careers, protean careers, and kaleidoscope careers become more popular (Zhou et al., 2022). Competency management focuses on competencies defined as the skills, knowledge, personal qualities, and behaviors that are needed to effectively perform a role or work in the organization and help the business achieve its strategic goals in gaining and maintaining its competitive advantage. This means that they are related to the actual action or the results of this action obtained in a specific situation (Stor, 2016:165). And as for talent management, it focuses on talent, the definition of which arouses various ambiguities and controversy. There are two major approaches to this issue: inclusive and exclusive. In the inclusive definitions, talent applies to all employees. Such an approach is based on the premise that everyone has talent. Talented people possess special gifts, abilities, and aptitudes that enable them to perform effectively. In this sense, companies can build their talent pools, which consists of those individuals who can make a difference to organizational performance, either through their immediate contribution or in the longer term by demonstrating the highest levels of potential (Collings, Mellahi, Cascio, 2019; Armstrong & Taylor, 2020; Dessler, 2020). In exclusive definitions, talent refers to those with high potential for the jobs at the very top of the organization; this can be a very select executive population (Meyers & van Woerkom, 2014). This leads to two competing narratives, both being criticized: a star-performer perspective (Pfeffer, 2001) and a human capital management perspective (Cappelli, 2008), which, both in the literature and business practice, create a kind of a tension (Björkman et al, 2013; Sparrow, 2019). The research findings show that for talent management to be effective, it is important to have it clearly defined and communicate to all employees. This is particularly important when the talent strategy is perceived as exclusive rather than inclusive (Sonnenberg et al., 2014).

However, training & development, career management, competency management, and talent management are not just on employees learning for

learning's sake. Learning needs to demonstrate how it contributes to the company's competitive advantage through improving employee performance, supporting business strategies, and contributing positively to business outcomes, such as quality, productivity, development of new products, and retaining key employees. From a company's perspective, what employees learn contributes to the development of intangible assets, such as human capital (Noe, 2017), and to the development of the whole organization, which goes in line with the theories of organizational development (Kalamas & Kalamas, 2004). During the last three decades, a lot of studies have confirmed the existence of causal relationships between HRM practices and organizational performance (*c.f.* Huselid, 1995; Huselid & Becker, 2011; Farndale et al., 2014) in such areas as employee development (e.g. Jacobs & Washington, 2003; Jangbahadur & Sharma, 2018; Garavan et al., 2021; Stor, 2022), competency management (Kupczyk & Stor, 2017; Salman et al., 2020; Stor & Haromszeki, 2021a), career management (Selmer, 2002; Moon & Choi, 2017; Ali et al., 2019; Kim, 2020), and talent management (Collings & Mellahi, 2009; Shet et al., 2019; Stor & Haromszeki, 2021b; Kravariti et al., 2022).

Similar to other HRM subfunctions, the development of employees is the subject of separate interest of theoreticians, practitioners, and researchers dealing with MNCs. The necessity of inclusion, with contextual factors like cultural and institutional distance in employee development frameworks, is emphasized (Mäkelä et al., 2010; Gallardo-Gallardo et al., 2020). In consequence, the authors focus on training & developmental activities in MNCs' subsidiaries (Jiboku & Akpan, 2019; Fuchs et al., 2021; Stor, 2022), career development for host country nationals in MNCs (Vo, 2009), managing careers in MNCs (Anto, 2015), competency-management practices determined by the HQs of MNCs (Stor & Haromszeki, 2021a), competency models with international requirements (Muratbekova-Touron, 2009), global talent management (Latukha, 2018; Collings, Scullion, Caligiuri, 2019), definitions, meanings and goals of talent management across countries (Collings et al., 2011; McDonnell et al., 2017; Vaiman et al., 2017), architecture of global talent management with connections to performance (Collings, Mellahi, Cascio, 2019), and talent development with ties to unique competencies (Kabwe & Okorie, 2019).

Summarizing, sometimes, it is very difficult to set a clear border, if it is possible at all, between such conceptual constructs as employee development & training, talent management, competency management, and career management. This difficulty is because they refer to a joint set of personal characteristics (i.e. knowledge, skills, abilities, capabilities, competencies, talents, behaviors, personal qualities), between which it is also difficult to draw straight boundaries, particularly when they are considered as attributes of the same individuals. In addition, the contemporary expectations of employees regarding their development and the organization's role in this area are much more complex than before. For this reason, this chapter

adopted a comprehensive approach to employee development, which is henceforth called multiscope employee development (MED). In its assumptions, it includes the above-mentioned conceptual constructs and the personal characteristics they are interested in. In the conceptual development undertaken in this monograph for research purposes, MED covers 17 components, which are listed in Table 6.1. To assess their internal

Table 6.1 The ranking of the mean values of the advancement levels of particular components of MED

No.	Components of employee development	Mean ($\bar{x}$)
1.	A clear, transparent system known to employees for employee training & development and career management	4,26
2.	Talent identification – from reporting by potential participants and superiors' decisions, to formal multi-range selection criteria for the program	4,01
3.	Financing training & development and of employees by the organization, considering both the needs and goals of the organization and the employee	3,83
4.	Developmental activities related to the results of employee-performance appraisal	3,82
5.	Identifying competencies of the employees relevant to the realization of the company's strategy	3,80
6.	Methods, techniques, and tools used in employee development (from basic, such as lectures, workshops to advanced and comprehensive programs for the development of talents, leaders, managerial staff)	3,78
7.	Competency management associated with other HRM subfunctions	3,75
8.	Measurement of employee creativity (number of ideas and improvements reported and their quality)	3,74
9.	Building a platform for the exchange of experience, sharing knowledge, learning about the organization using ICT tools	3,71
10.	Developmental activities result from the diagnosed competency gap of employees	3,64
11.	Cyclical measurements of the competency state of employees	3,64
12.	A dynamic (changing over time) competency database	3,64
13.	Creating R&D facilities for talented employees	3,63
14.	Regular examination of the competency gap of employees and designing solutions to fill it	3,59
15.	Systemic talent management within the development paths	3,58
16.	Developmental activities are in line with the career path individually selected by an employee	3,55
17.	Creating transorganizational cooperation between talented employees	3,55
Overall mean ($\overline{x_{\mathbf{MED}}}$)		**3,73**

Source: Own research data.
The evaluation scale for advancement level.
Comparison to the general trends based on the best worldwide practices:
1 – very low; **2** – low; **3** – average; **4** – high; **5** – very high.

consistency within the questionnaire on MED, Cronbach's alpha, as a measure, was used. The reliability analysis covered 17 five-point scale items (components of MED, as shown in Table 6.1.). Cronbach's alpha showed the questionnaire to reach very good reliability, $\alpha = 0.865$. All items appeared to be worthy of retention, resulting in a decrease in the alpha if deleted.

6.2 The advancement level of the practices applied in multiscope employee development

The overall mean value of the advancement level of MED in the research sample is relatively high. It falls close to 4 ($\overline{x_{MED}} = 3,73$) on the five-degree measurement scale, which is presented at the bottom of Table 6.1.

This table also shows that a clear, transparent system known to employees for employee training & development and career management is a component of MED that reaches the highest mean value of $\bar{x} = 4,26$. The second position is occupied by talent identification – from reporting by potential participants and superiors' decisions, to formal multi-range selection criteria for the program ($\bar{x} = 4,01$). The third is held by financing training & development and the organization's employees, considering both the needs and goals of the organization and the employee ($\bar{x} = 3,83$).

The analysis of the collected data by the percentage share of responses leads to the conclusion that not more than 3% of MNCs evaluate the advancement level of MED as low or very low. In most cases, the rating range is between average and high. But within each component are several responses indicating a very high rate, and a clear, transparent system known to employees for employee training & development and career management in the organization; it is even appraised as very high by 38% of respondents.

When business strategies are considered, the advancement level of MED is appraised a little lower in the MNCs applying growth strategies (N = 168; $\bar{x} = 3,82$) when compared to the organizations realizing simultaneously growth & stability strategies (N = 45; $\bar{x} = 3,87$). The lowest rating is obtained in companies with stability & retrenchment strategies (N = 32; $\bar{x} = 3,32$). This may suggest that in organizations not oriented toward business extension or forced to reduce their businesses, the advancement level of MED doesn't constitute their primary subject of interest. This may be due to the fact that the developmental needs in this type of organization are usually not as great as in organizations focusing on growth.

The statistical analysis also included the identification of the potential relationships between the selected variables characterizing the MNCs and the advancement level of MED. It showed that this level is positively correlated with the company's size (r = 0,35, at p = 0.002) and period of its operation (r = 0,20, at p = 0.004) and negatively correlated the ownership share of the HQs in their foreign subsidiaries (r = −0,53, at p = 0.00). It means that the larger the company, the longer it operates on the market,

and the lower its ownership share in the foreign subsidiary, the higher the advancement level of MED. However, the analysis didn't reveal any statistically significant correlations between the advancement level of MED and such variables as the company's type of business activity, internationalization index (II), geographical spread index (GSI), number of total and foreign entities and number of host countries.

6.3　The contributive role of multiscope employee development in the organizational performance

Based on the five-degree measurement scale (1 – not important; 2 – slightly important; 3 – important; 4 – very important; 5 – of critical significance), the significance of multiscope employee development to the company's performance results reached the highest mean value in the MNCs that applied a combination of stability & retrenchment business strategies (N = 32; $\bar{x}$ = 3,53). This is interesting because it is the same type of organization in which the advancement level of this HRM subfunction was identified as the lowest in the previous subchapter. As far as the other organizations are concerned, MED contribution to the business performance is equally important in the MNCs that applied growth strategies and in those realizing a combination of growth & stability strategies (N = 45; $\bar{x}$ = 3,31). So, it means that the contributive role of MED is perceived as important. The mean for the entire sample of MNCs is $\overline{x_{MED}}$ = 3,39.

As for the structure of evaluations of MED contribution to the company's performance results, none of the MNCs considered this contribution as unimportant, and only for 1,5% of them was it slightly important. For 64,5%, it was important, for 31,5%, very important, and for 2,5%, of critical significance.

When the structure of the evaluations is analyzed by the business strategies, the distribution of ratings looks very similar for all the companies, regardless of the strategies they use. The prevailing rate is 3 (important; indicated approximately by 50% – 60% of MNCs). Interestingly, 10% of the companies that implemented stability & retrenchment strategies simultaneously evaluated the contribution of MED to the company's performance results as having critical significance. This highest note was granted only by 1% of companies applying growth strategies, and when it comes to companies implementing a combination of growth & stability strategies, none of them chose such a note.

In the next stage, the data were analyzed with regard to the identification of relationships between the significance of MED to the MNCs' performance results and the selected variables characterizing these organizations. However, no significant correlations have been identified between the contribution level of MED and these variables, i.e., with the type of business activity, the company's size, period of its operation, the ownership share of the HQs in their foreign subsidiaries, internationalization index (II),

geographical spread index (GSI), and the numbers of total and foreign entities and the number of host countries.

6.4 The relationships between the HQ and LS within the scope of multiscope employee development

In the overwhelming majority of the companies under study, the role of MNCs' headquarters at the foreign-entity level is relatively strong. Some 74% of them provide the detailed policies, procedures, and rules to their local subsidiaries, and the centralized decision-making with tight control over realization is preferred by 2,5% of respondents. In 20% of them, the role of the headquarters is based on providing the general guidelines and framework to be implemented by their local subsidiaries. The non-interventionist approach relying on decentralization of decisions at the local subsidiaries' level and granting them autonomy is practiced in only 3,5% of organizations. As a result, the average level of centralization for the entire research sample is $\overline{x_{MED}}$ = 2,68 on the four-degree measurement scale where 1 means decentralization and 4 centralization.

When the directions of knowledge & skills flows within MED are considered, it is apparent that the flow from the HQs to the local subsidiary is of a little higher significance ($\bar{x}$ = 3,41) than the flow in the opposite direction ($\bar{x}$ = 3,23). Anyway, as the five-degree scale was used (1 – not important; 2 – slightly important; 3 – moderately important; 4 – important; 5 – very important), it can be said that the flows in both directions are thought to be moderately important. This conclusion is based not only on the average mean but also on the analysis of evaluation structure. The value of 3 representing the moderate importance of the flows is chosen by approximately 50% of MNCs in the case of flows to the HQs, and approximately by 70% in the case of flows in the reverse direction. Interestingly, none of the MNCs reports the direction from the HQ to local subsidiary as being unimportant, and in the case of the opposite direction, only 1% treat it as unimportant. Additionally, both directions of flows are evaluated the highest (very important) only by 1% or 2% of MNCs, respectively.

Although the internal correlations between variables describing MED are considered in the next subchapter, it is worth paying attention here to those that determine – according the title of this subchapter – the relationships between the HQ and LS within the scope of MED. A series of several correlation tests have been performed, and the results (see Table 6.3.) show that the statistically significant positive correlations exist between the advancement level of MED and the knowledge & skills flows from the local subsidiary to the HQ (r = 0,35, at p < 0.001) and with the flows in the opposite direction (r = 0,15, at p < 0.01). At the same time, the contribution level of MED is positively correlated with the knowledge & skills flows from the HQ to the local subsidiary (r = 0,34, at p < 0.001), and both of directions of the knowledge & skills flows are also mutually correlated (r = 0,39, at p < 0.001).

No statistically significant relationships have been found between the centralization level of MED and the above-mentioned variables.

In the subsequent correlation tests, no statistically significant correlations were found between the centralization level of MED, with such variables describing MNCS as the type of business activity, the company's size, the ownership share of the HQs in their foreign subsidiaries, internationalization index (II), geographical spread index (GSI), number of total and foreign entities, and the number of host countries. Two identified correlations are negative, and they refer to the relationships with the period of operation on the market (r = −0,17, at p = 0.18) and the number of host countries (r = −0,15, at p = 0.038). So, it means the shorter the period of operation on the market and the smaller the number of host countries, the higher the centralization level of MED. As for the knowledge & skills flows, the direction from the HQ is correlated with nothing, and the direction to the HQ is negatively correlated with the ownership share of the HQs in their foreign subsidiaries (r = −0,31, at p = 0.001) and with the number of host countries (r = −0,16, at p = 0.25). The interpretation is that the smaller the ownership share of the HQs in their foreign subsidiaries, and the smaller the number of host countries, the more important the knowledge & skills flows from the LS to the HQ.

6.5 The internal correlations between the variables describing multiscope employee development

The analysis of internal correlations between variables describing MED was preceded by a variable distribution analysis using the Kolmogorov–Smirnov (with Lilliefors correction) and the Shapiro-Wilk normality tests. The results of these tests revealed that none of the variables had normal distribution (see Table 6.2).

Due to the relative lack of normality distributions of the tested variables, it was decided to perform non-parametric analysis. Therefore, to verify the interrelationship between the variables under study, a series of correlation analyzes was made by Spearman's method. The outcomes are presented in Table 6.3. As in the case of HRM subfunctions, discussed in the previous chapters, seven variables describe MED, and each of them can be correlated with six other variables in row ($\Sigma r_{\text{Max-row}}$ = 6) at the potential degree up to r = 1.00, and which gives total of $\Sigma r_{\text{Max-total}}$ = 42.

None of the research variables reaches the highest possible number of $\Sigma r_{\text{Max-total}}$ in the entire research sample. The highest score of $\Sigma r_{\text{Max-row}}$ = 5 is achieved by two variables. One of them is knowledge & skills transfer from the HQ to LS. Here the range of values for the correlation coefficients is in the interval between r = .15 (p < ,05) and r = .39 (p < ,001). The second one is HF-managers with the range of values between r = .17 (p < ,05) and r = .38 (p < ,001). It's worth noticing that the strongest correlation within this interval is with HF-employees. At the same time, the strength of this

Table 6.2 The results of normality tests and descriptive statistics for the variables describing MED

Variables	KS	p for KS	SW	p for SW	M	SD	SE	MIN	MAX
Advancement level of MED	0.17	<0.01	0.89	<0.001	3.73	0.35	0.02	2.71	4.29
Contribution level of MED	0.17	<0.01	0.94	<0.001	3.35	0.47	0.03	2.00	5.00
Centralization of MED	0.26	<0.01	0.84	<0.001	2.67	0.49	0.03	1.00	4.00
Knowledge & skills transfer from the HQ	0.15	<0.01	0.95	<0.001	3.41	0.49	0.03	2.00	5.00
Knowledge & skills transfer to the HQ	0.22	<0.01	0.89	<0.001	3.23	0.53	0.04	1.00	5.00
Human factor – employees	0.34	<0.01	0.73	<0.001	3.40	0.56	0.04	2.00	5.00
Human factor – managers	0.35	<0.01	0.73	<0.001	3.37	0.56	0.04	2.00	5.00

Source: Own research data.
Legend: KS – Kolmogorov–Smirnov test; SW – Shapiro – Wilk test; M – arithmetic mean; SD – standard deviation; SEM – standard error mean; MIN – minimum value; MAX – maximum value.

Table 6.3 The correlation matrix of the variables describing MED and human factor

Variables	Advancement level of MED	Contribution level of MED	Knowledge & skills transfer to the HQ	Knowledge & skills transfer from the HQ	Centralization of MED	Human factor – employees	Human factor – managers	No. of sig. r [$\Sigma r_{Max\text{-}row}$ = 6; $\Sigma r_{Max\text{-}total}$ = 42]
Advancement level of MED	–	0.06	0.35***	0.15*	–0.01	–0.10	0.11	**2**
Contribution level of MED	0.06	–	0.10	0.34***	0.03	0.23**	0.17*	**3**
Knowledge & skills transfer to the HQ	0.35***	0.10	–	0.39***	0.04	0.18*	0.17*	**4**
Knowledge & skills transfer from the HQ	0.15*	0.34***	0.39***	–	–0.06	0.17*	0.21**	**5**
Centralization of MED	–0.01	0.03	0.04	–0.06	–	0.12	0.14*	**1**
Human factor – employees	–0.10	0.23**	0.18*	0.17*	0.12	–	0.38***	**4**
Human factor – managers	0.11	0.17*	0.17*	0.21**	0.14*	0.38***	–	**5**
No. of sig. r [$\Sigma r_{Max\text{-}row}$ = 6; $\Sigma r_{Max\text{-}total}$ = 42]	**2**	**3**	**4**	**5**	**1**	**4**	**5**	**24**

Source: Own research data.

Notes

* Spearman's r significant at p < ,05.
** Spearman's r significant at p < ,01.
*** Spearman's r significant at p < ,001.

correlation is on the second place in the whole pool of correlations. The first place belongs to the correlation between knowledge & skills transfer to and from the HQ ($r = .39$ (p < ,001) and which can be interpreted as moderate.

To sum up, the number of correlations obtained in the entire research sample is 24 out of 42 possible (≈57%), and when it comes to the value of correlation coefficient, the lowest is r = .15 (p < ,05), and the highest is r = .39 (p < ,001), so they range from rather weak to moderate.

6.6 The impact of multiscope employee development on the company's performance results – The assessment of the reflective models

6.6.1 The primary findings for all models of multiscope employee development

According to the assumptions adopted in Chapter 2, five reflective measurement models for MED were built, i.e. four with particular types of company's performance results (i.e. in finance, quality, innovativeness, and HRM respectively) and one comprehensive model with all performance results. However, before assessing these models, a correlation analysis by Spearman's method was carried out to verify the relationships between the major variables under study. As shown in Table 6.4, the company's performance results in finance are positively correlated only with the advancement level of MED (r = .33; p < ,001) and the knowledge & skills transfer to the HQ (r = .22; p < ,01). The results in quality are negatively correlated with the advancement level of MED (r = −.25; p < ,001) and the knowledge & skills transfer to the HQ (r = −.15; p < ,05). However, they are also positively correlated with the contribution level of MED (r = .24; p < ,001) and HF-employees (r = .18; p < ,05). The results in innovativeness are positively correlated with both the contribution level of MED (r = .21; p < ,001) and the knowledge & skills transfer from the HQ (r = .19; p < ,01). The results in HRM are positively correlated with the advancement level of MED (r = .19; p < ,001), the contribution level of MED (r = .23; p < ,001), the knowledge & skills transfer to the HQ (r = .18; p < ,05) and from the HQ (r = .19; p < ,01), and HF-employees (r = .17; p < ,05).

The assessment results of the five reflective measurement models for MED are presented in Table 6.5. All models meet the required criteria of assessment (*c.f.* Garson, 2016; Hair et al., 2022), although the model with results in finance is at the limit of acceptance in the scope of SSR criterion (*c.f.* Garson, 2016; Hair et al., 2022).

As with other models for a single HRM subfunction, here also the values of paths of four variables are common for all reflective measurement models for MED, regardless of the type of company's performance results. The four variables are: the centralization level, the advancement level, and transfer of

Table 6.4 The results of a correlation test for the variables describing MED, human factor and company performance results

Variables		Company performance results			
		Finance	Quality	Innovativeness	HRM
Characteristics of MED	**Advancement level**	**0.33*****	**−0.25*****	−0.07	**0.19****
	Contribution level	0.09	**0.24*****	**0.21****	**0.23****
	Knowledge & skills transfer to the HQ	**0.22****	**−0.15***	−0.04	**0.18***
	Knowledge & skills transfer from the HQ	0.12	0.05	**0.19****	**0.19****
	Centralization level	0.06	0.07	0.06	0.12
Human factor	**Employees**	0.06	**0.18***	0.06	**0.17***
	Managers	0.02	0.09	−0.01	0.09

Source: Own research data.

Notes
∗ Spearman's r significant at p < ,05.
∗∗ Spearman's r significant at p < ,01.
∗∗∗ Spearman's r significant at p < ,001.

Table 6.5 The assessment results of the reflective measurement models for MED

Criteria of assessment	MED models by company performance results				
	Finance	Quality	Innovativeness	HRM	All
AVIF (acceptable if ≤ 5, ideally ≤ 3.3)	1.225	1.146	1.079	1.088	1.362
GoF (small ≥ 0.1, medium ≥ 0.25, large ≥ 0.36)	0.257	0.260	0.217	0.233	0.283
SPR (acceptable if ≥ 0.7, ideally = 1)	0.833	0.833	0.917	0.917	0.792
RSCR (acceptable if ≥ 0.9, ideally = 1)	0.980	0.977	0.973	0.977	0.980
SSR (acceptable if ≥ 0.7)	0.667	0.750	1.000	0.917	0.750
NLBCDR (acceptable if ≥ 0.7)	0.875	0.917	1.000	0.875	0.833

Source: Own research data.

knowledge & skills from the HQ and to the HQ. The summary of their path analysis conducted in in SEM–PLS is presented in Table 6.6.

Therefore, based on this summary, we can say that in each of the five measurement models for MED the knowledge & skills transfer to the HQs from the LS impacts directly on the advancement level of this HRM subfunction ($\beta = −.49$; $p < 0.001$). No other direct impact has been

Table 6.6 Path analysis summary in SEM–PLS for variables with common values in all MED models

Variables: Relationships in paths	β − Path coefficient	p-value	Std. error	T ratios
Centralization level → Transfer to the HQ	0.091	0.095	0.069	1.314
Centralization level → Transfer from the HQ	−0.082	0.119	0.070	−1.185
Centralization level → Advancement level	0.001	0.497	0.071	0.008
Transfer to the HQ → Advancement level	0.493	<0.001	0.064	7.673
Transfer from the HQ → Advancement level	−0.054	0.222	0.070	−0.768

Source: Own research data.

identified. Furthermore, none of the directions of knowledge & skills flows mediates the relationships between the centralization level and the advancement level of MED. This leads to the confirmation of only one research hypothesis, i.e. H2.

6.6.2 The reflective measurement model for multiscope employee development with results in finance

The explanatory capability of the reflective measurement model for the latent variable MED with results in finance is identifiable although weak (see Table 6.7). The variation of the effect (reflective) indicators that are assumed to be affected by a common underlying latent variable, i.e. the advancement level of MED, is explained in about 22% ($R^2 = 0.22$). Additionally, the model exhibits predictive relevance value (in-sample predictive power) for this latent variable construct ($Q^2 = 0.21$). At the same time, the variation of variables in the performance results in finance is explained in 19% ($R^2 = 0.19$), and the predictive relevance is identified as well ($Q^2 = 0.18$).

The path analysis for the latent variable MED also reveals that its advancement level has a direct effect on two of its indicators, i.e. positive on the company's performance results in finance ($\beta = .44$; p<0.001) and negative on the evaluation of HF-employees ($\beta = −.16$; p = 0.01) (see Table 6.8). At the same time, no impact of the company's performance results in finance on the variables under study have been identified (see Table 6.8).

Figure 6.1 presents the empirical reflective measurement model for the latent variable of MED and the relationships verified through the path coefficients and their referred meanings. It's evident that, contrary to the adopted assumptions, the company's performance results in finance do not directly affect either the appraisal of the human factor as the company's

Table 6.7 Latent variable coefficients for MED and performance in finance: Explanatory capability and in-sample predictive power

Coefficient	Knowledge & skills transfer to the HQ	Knowledge & skills transfer from the HQ	Advancement level of MED	Contribution level of MED	Human factor – employees	Human factor – managers	Performance results in finance
R^2	0.008	0.007	0.222	0.008	0.022	0.005	0.190
Q^2	0.009	0.010	0.214	0.013	0.023	0.006	0.183

Source: Own research data.
Interpretation:
R^2 – The amount of variance explained in the construct (very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67).
Q^2 – The predictive capability based on blindfolding procedure (predictive relevance if > 0.00).

Table 6.8 Path analysis summary in SEM-PLS for MED and company performance in finance

| Variables: Relationships in paths	β – Path coefficient	p-value	Std. error	T ratios
Advancement level → Performance results in finance	0.436	<0.001	0.065	6.707
Advancement level → Contribution level	−0.076	0.138	0.070	−1.092
Advancement level → Human factor: employees	−0.159	0.011	0.069	−2.321
Advancement level → Human factor: managerial staff	0.074	0.144	0.070	1.065
Performance results in finance → Human factor: employees	0.105	0.065	0.069	1.522
Performance results in finance → Human factor: managerial staff	−0.015	0.415	0.071	−0.216
Performance results in finance → Contribution level	0.094	0.088	0.069	1.359

Source: Own research data.
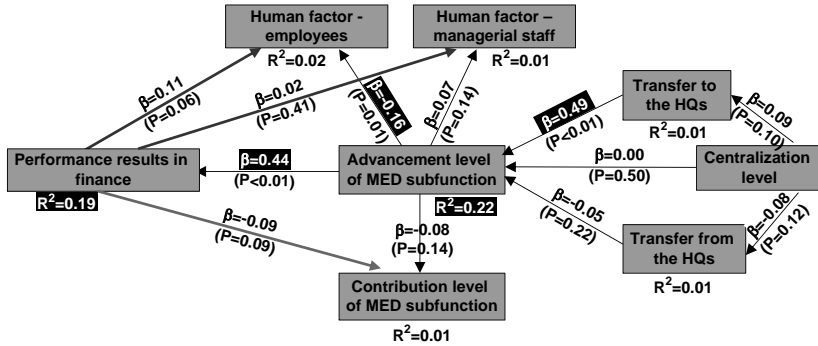
Figure 6.1 The reflective measurement model for a latent variable of multiscope employee development (MED) with performance results in finance.

Source: Own research data.

Note: ■ – Statistically meaningful observations.

competitive factor or the evaluation of the contribution level of MED to the company financial performance. In consequence, it means they do not mediate the relationships between the advancement level of MED and the evaluation of human factor (both HF-employees and HF-managers), nor the relationships between the advancement level of MED and the evaluation of the contribution level of MED to the company's financial performance.

When verifying the specific research hypotheses developed for this model, we can say that only two of them have been supported empirically. Namely, the advancement level of MED appears to directly and positively affect the company's performance results in finance (H4) and negatively affect the evaluation of knowledge & skills of employees as a company's competitive human factor when the company's performance results in finance are considered in isolation from other types of performance results (H5A). No other direct or mediating relationships have been found.

6.6.3 *The reflective measurement model for multiscope employee development with results in quality*

The explanatory capability of the reflective measurement model for the latent variable MED with results in quality is identifiable although weak (see Table 6.9). The variation of the effect (reflective) indicators that are assumed to be affected by a common underlying latent variable, i.e. the advancement level of MED, is explained in about 22% ($R^2 = 0.22$). Additionally, the model exhibits predictive relevance value (in-sample predictive power) for this latent variable construct ($Q^2 = 0.21$). At the same time, the variation of variables in the performance results in quality is

Table 6.9 Latent variable coefficients for MED and performance in quality: Explanatory capability and in-sample predictive power

Coefficient	Knowledge & skills transfer to the HQ	Knowledge & skills transfer from the HQ	Advancement level of MED	Contribution level of MED	Human factor – employees	Human factor – managers	Performance results in quality
R^2	0.008	0.007	0.222	0.074	0.038	0.020	0.104
Q^2	0.009	0.010	0.214	0.079	0.038	0.022	0.105

Source: Own research data.

Interpretation:

R^2 – The amount of variance explained in the construct (very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67).

Q^2 – The predictive capability based on blindfolding procedure (predictive relevance if > 0.00).

explained in 10% ($R^2 = 0.10$), and the predictive relevance is identified as well ($Q^2 = 0.10$).

As for the direct impact of the latent variable MED in the model with results in quality on its reflective indicators, one such impact, although negative, has been identified, i.e. on the performance results in quality ($\beta = -0.32$; $p < 0.001$). Moreover, as shown in Table 6.10, the performance results in quality directly and positively affect both categories of human factor, i.e. HF–employees ($\beta = 0.17$; $p = 0.008$) and HF–managers ($\beta = 0.13$; $p = 0.029$), as well as the evaluation of the contribution level of MED ($\beta = 0.29$; $p < 0.001$).

Figure 6.2 presents the research model for the latent variable of MED with a result in quality and the relationships verified through the path coefficients and their referred meanings. It's apparent that, contrary to the assumptions made, the evaluations of both knowledge & skills of employees and the managerial competencies are not directly affected by the advancement level of MED. When it comes to the evaluation of the contribution level of MED to the company performance results in quality, it's under their direct and positive impact ($\beta = 0.29$; $p < 0.001$); however, it's not impacted directly by its own advancement level.

When verifying the specific research hypotheses developed for this model, we can say that seven of them have been supported empirically. Well, it turns out that the advancement level of MED may impact directly, although negatively, the company's performance results in quality (H4). Simultaneously, these results mediate positively the relationships between the advancement level of MED and the evaluation of the contribution level of MED (H10A) because they directly and positively affect the evaluation of the contribution level of MED to the company's performance results in quality (H7A). Additionally, as the company's performance results in quality directly and positively affect the evaluation of both categories of human factor (H8A for HF-employees and H8A for HF-employees), they also mediate positively the relationships between the advancement level of MED and the evaluation of these categories of human factor (H9A for HF-employees and H9A for HF-employees).

6.6.4 *The reflective measurement model for multiscope employee development with results in innovativeness*

The explanatory capability of the reflective measurement model for the latent variable MED with results in innovativeness is identifiable although weak (see Table 6.11). The variation of the effect (reflective) indicators that are assumed to be affected by a common underlying latent variable, i.e. the advancement level of MED, is explained in about 22% ($R^2 = 0.22$). Additionally, the model exhibits predictive relevance value (in-sample predictive power) for this latent variable construct ($Q^2 = 0.21$).

As for the direct impact of the latent variable MED in the model with results in innovativeness on its reflective indicators, one such impact,

Table 6.10 Path analysis summary in SEM-PLS for MED and company performance in quality

| *Variables: Relationships in paths*	*β – Path coefficient*	*p-value*	*Std. error*	*T ratios*
Advancement level → Performance results in quality	−0.322	<0.001	0.066	−4.847
Advancement level → Contribution level	0.057	0.208	0.070	0.813
Advancement level → Human factor: employees	−0.060	0.198	0.070	−0.852
Advancement level → Human factor: managerial staff	0.110	0.057	0.069	1.590
Performance results in quality → Human factor: employees	0.166	0.008	0.068	2.429
Performance results in quality → Human factor: managerial staff	0.132	0.029	0.069	1.913
Performance results in quality → Contribution level	0.285	<0.001	0.067	4.258

Source: Own research data.
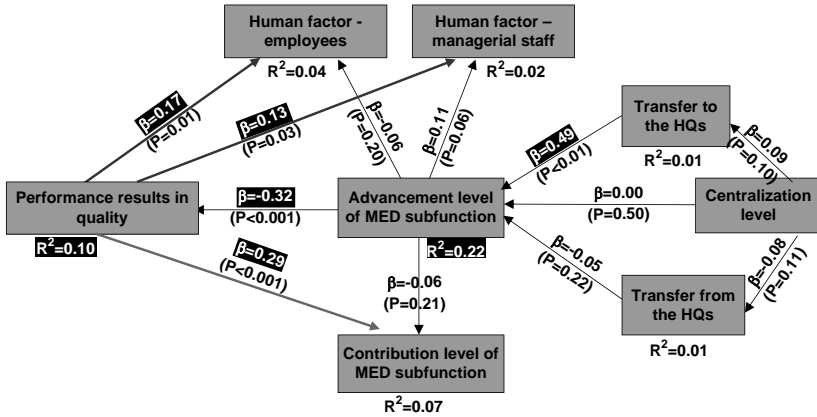
Figure 6.2 The reflective measurement model for a latent variable of multiscope employee development (MED) with performance results in quality.

Source: Own research data.

Note: ■ – Statistically meaningful observations.

although negative, has been identified, i.e. on the performance results in innovativeness ($\beta = -0.12$; p = 0.040). Moreover, as shown in Table 6.12, the performance results in innovativeness directly and positively affect the evaluation of the contribution level of MED ($\beta = 0.24$; p < 0.001).

Figure 6.3 presents the research model for the latent variable of MED with a results in innovativeness and the relationships verified through the path coefficients and their referred meanings. It's apparent that, contrary to the assumptions made, the evaluations of both knowledge & skills of employees and the managerial competencies are not under the direct and impact either of the advancement level of MED or the performance results. When it comes to the evaluation of the contribution level of MED to the company performance results in innovativeness, it's under their direct and positive impact ($\beta = 0.24$; p < 0.001); however, it's not impacted directly by its own advancement level.

When verifying the specific research hypotheses developed for this model, we can say that three of them have been supported empirically. Well, it turns out that the advancement level of MED may directly, although negatively, affect the company's performance results in innovativeness (H4). Simultaneously, these results directly and positively affect the contribution level of MED (H7A), so they mediate the relationships between the advancement level of MED and the evaluation of the contribution level of this HRM subfunction to the company's performance results in innovativeness, considered in isolation from other types of performance results (H10A).

Table 6.11 Latent variable coefficients for MED and performance in innovativeness: Explanatory capability and in-sample predictive power

Coefficient	Knowledge & skills transfer to the HQ	Knowledge & skills transfer from the HQ	Advancement level of MED	Contribution level of MED	Human factor – employees	Human factor – managers	Performance results in innovativeness
R²	0.008	0.007	0.222	0.059	0.014	0.005	0.015
Q²	0.009	0.010	0.214	0.064	0.014	0.007	0.018

Source: Own research data.
Interpretation:
R² – The amount of variance explained in the construct (very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67).
Q² – The predictive capability based on blindfolding procedure (predictive relevance if > 0.00).

Table 6.12 Path analysis summary in SEM-PLS for MED and company performance in innovativeness

| Variables: Relationships in paths	β – Path coefficient	p-value	Std. error	T ratios
Advancement level → Performance results in innovativeness	−0.122	0.040	0.069	−1.764
Advancement level → Contribution level	−0.006	0.469	0.071	−0.078
Advancement level → Human factor: employees	−0.110	0.058	0.069	−1.582
Advancement level → Human factor: managerial staff	0.064	0.179	0.070	0.921
Performance results in innovativeness → Human factor: employees	0.030	0.336	0.070	0.425
Performance results in innovativeness → Human factor: managerial staff	−0.027	0.352	0.070	−0.381
Performance results in innovativeness → Contribution level	0.241	<0.001	0.068	3.575

Source: Own research data.
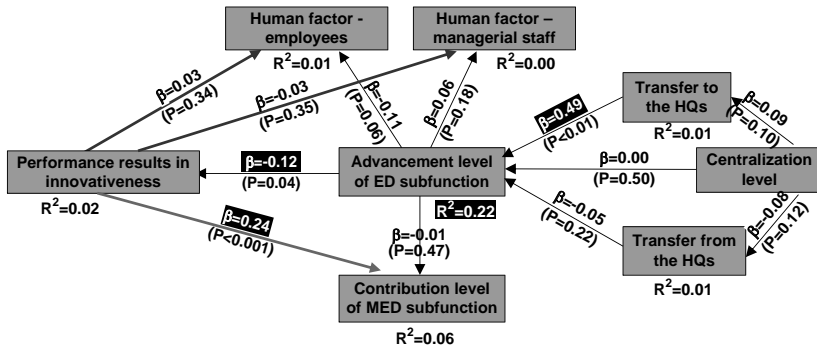
Figure 6.3 The reflective measurement model for a latent variable of multiscope employee development (MED) with performance results in innovativeness.

Source: Own research data.

Note: ■ – Statistically meaningful observations.

6.6.5 The reflective measurement model for multiscope employee development with results in HRM

The explanatory capability of the reflective measurement model for the latent variable MED with results in HRM is identifiable although weak (see Table 6.13). The variation of the effect (reflective) indicators that are assumed to be affected by a common underlying latent variable, i.e. the advancement level of MED, is explained in about 22% ($R^2 = 0.22$). Additionally, the model exhibits predictive relevance value (in–sample predictive power) for this latent variable construct ($Q^2 = 0.21$).

As for the direct impact of the latent variable MED in the model with results in HRM on its reflective indicators, two such impacts have been identified, i.e. positive on the performance results in HRM ($\beta = 0.17$; p = 0.007), and negative on the evaluation of knowledge & skills of employees as a company's competitive factor ($\beta = -0.14$; p = 0.020). Moreover, as shown in Table 6.14, the performance results in HRM directly and positively affect the evaluation of knowledge & skills of employees ($\beta = 0.17$; p = 0.007) and the evaluation of the contribution level of MED ($\beta = 0.26$; p < 0.001).

Figure 6.4 presents the research model for the latent variable of MED with results in HRM and the relationships verified through the path coefficients and their referred meanings. It's visible that, contrary to the assumptions made, from the two categories of human factors, it is only the knowledge & skills of employees that is under a negative direct impact of the advancement level of MED and positive impact of the performance results in HRM. The other human factor is under no impact. When it comes to the evaluation of the contribution level of MED to the company performance results in

Table 6.13 Latent variable coefficients for MED and performance in HRM: Explanatory capability and in-sample predictive power

Coefficient	Knowledge & skills transfer to the HQ	Knowledge & skills transfer from the HQ	Advancement level of MED	Contribution level of MED	Human factor – employees	Human factor – managers	Performance results in HRM
R²	0.008	0.007	0.222	0.064	0.040	0.008	0.029
Q²	0.009	0.010	0.214	0.068	0.041	0.009	0.030

Source: Own research data.

Interpretation:

R^2 – The amount of variance explained in the construct (very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67).

Q^2 – The predictive capability based on blindfolding procedure (predictive relevance if > 0.00).

Table 6.14 Path analysis summary in SEM-PLS for MED and company performance in HRM

| Variables: Relationships in paths	β – Path coefficient	p-value	Std. error	T ratios
Advancement level → Performance results in HRM	0.169	0.007	0.068	2.469
Advancement level → Contribution level	−0.078	0.132	0.070	−1.120
Advancement level → Human factor: employees	−0.142	0.020	0.069	−2.059
Advancement level → Human factor: managerial staff	0.058	0.206	0.070	0.823
Performance results in HRM → Human factor: employees	0.169	0.007	0.068	2.464
Performance results in HRM → Human factor: managerial staff	0.059	0.199	0.070	0.847
Performance results in HRM → Contribution level	0.255	<0.001	0.067	3.784

Source: Own research data.
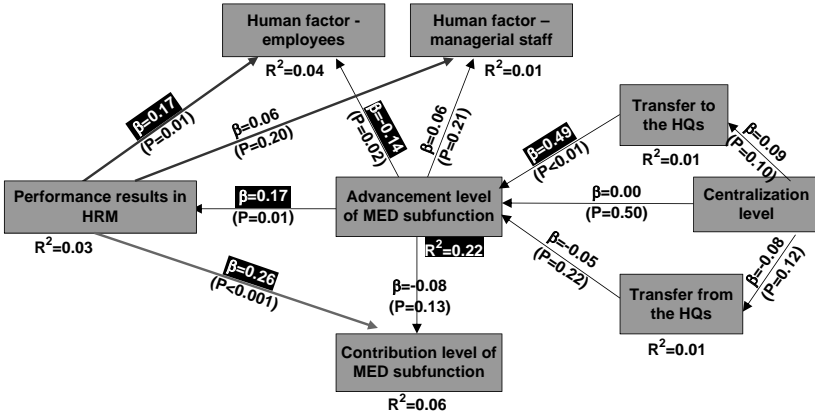
Figure 6.4 The reflective measurement model for a latent variable of multiscope employee development (ED) with performance results in HRM.

Source: Own research data.

Note: ■ – Statistically meaningful observations.

HRM, it's under their direct and positive impact ($\beta = 0.26$; $p < 0.001$); however, it's not impacted directly by its own advancement level.

When verifying the specific research hypotheses developed for this model, we can say that six of them have been supported empirically. Well, it turns out that the advancement level of MED directly and positively affects the company's performance results in HRM (H4). Simultaneously, these results directly and positively affect the contribution level of MED (H7A), so they mediate the relationships between the advancement level of MED and the evaluation of the contribution level of this HRM subfunction to the company's performance results in HRM considered in isolation from other types of performance results (H10A). Apart from that, the performance results in HRM directly and positively affect the evaluation of knowledge & skills of employees (H8A), so they also mediate the relationships between the advancement level of MED and the evaluation of this category of human factor (H9A). It is also worth noting that the advancement level of MED impact negatively on this category of human factor (H5A).

6.6.6 The comprehensive reflective measurement model for multiscope employee development with all types of performance results

The explanatory capability of the comprehensive reflective measurement model for the latent variable MED with all types of performance results is identifiable but weak (see Table 6.15). Similar to the previously discussed models of MED, the variation of the effect (reflective) indicators that are assumed to be affected by a common underlying latent variable, i.e. the advancement level of MED, is explained in about 22% ($R^2 = 0.22$).

Table 6.15 Latent variable coefficients for MED and all types of performance results: Explanatory capability and in-sample predictive power

Variable	Coefficient	
	R^2	Q^2
Knowledge & skills transfer to the HQ	0.008	0.009
Knowledge & skills transfer from the HQ	0.007	0.010
Advancement level of MED	0.222	0.214
Contribution level of MED	0.122	0.130
Human factor – employees	0.070	0.072
Human factor – managers	0.037	0.041
Performance results in finance	0.190	0.183
Performance results in quality	0.104	0.105
Performance results in innovativeness	0.015	0.018
Performance results in HRM	0.029	0.030

Source: Own research data.
Interpretation:
R^2 – The amount of variance explained in the construct (very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67).
Q^2 – The predictive capability based on blindfolding procedure (predictive relevance if > 0.00).

Moreover, the model exhibits predictive relevance value (in-sample predictive power) for this latent variable construct ($Q^2 = 0.21$). Furthermore, there are some other meaningful observations. One refers to the contribution level of MED. Here the variation of variables is explained in 12% ($R^2 = 0.12$), and the predictive relevance is found as well ($Q^2 = 0.13$). Two others observations concern performance results. Namely, the variation of variables in results in finance is explained in 19% ($R^2 = 0.19$) and in results in quality in 10% ($R^2 = 0.19$), and both with identifiable predictive power ($Q^2 = 0.18$ and $Q^2 = 0.10$ respectively).

In the case of the comprehensive reflective measurement model for the latent variable MED with all types of performance results, further analysis has revealed that this variable impacts on six of its reflective variables. It exerts positive impact on two types of the performance results, i.e. in finance ($\beta = 0.44$; $p < 0.001$) and HRM ($\beta = 0.17$; $p = 0.007$), and on the managerial competencies ($\beta = 0.13$; $p = 0.036$). However, it has a negative effect on two types of performance results, i.e. in quality ($\beta = -0.32$; $p < 0.001$) and innovativeness ($\beta = -0.12$; $p = 0.040$), and the knowledge & skills of employees ($\beta = -0.12$; $p = 0.043$). As for the evaluation of the contribution level of MED, it is impacted positively by two types of the company's performance results, i.e. by the results in quality ($\beta = 0.22$; $p < 0.001$) and the results in HRM ($\beta = 0.19$; $p = 0.003$). Table 6.16 shows the path analysis summary for MED and all types of company performance results.

Figure 6.5 presents the comprehensive research model for the latent variable of MED with all types of company performance results verified through the path coefficients and their referred meanings. In this model,

Table 6.16 Path analysis summary in SEM–PLS for MED and all types of company performance results

| Variables: Relationships in paths	β – Path coefficient	p-value	Std. error	T ratios
Advancement level → Performance results in finance	0.436	<0.001	0.065	6.707
Advancement level → Performance results in quality	−0.322	<0.001	0.066	−4.847
Advancement level → Performance results in innovativeness	−0.122	0.040	0.069	−1.764
Advancement level → Performance results in HRM	0.169	0.007	0.068	2.469
Advancement level → Contribution level	0.015	0.418	0.071	0.208
Advancement level → Human factor: employees	−0.119	0.043	0.069	−1.722
Advancement level → Human factor: managerial staff	0.125	0.036	0.069	1.809
Performance results in finance → Human factor: employees	0.041	0.277	0.070	0.592
Performance results in quality → Human factor: employees	0.180	0.004	0.068	2.639
Performance results in innovativeness → Human factor: employees	−0.122	0.039	0.069	−1.769
Performance results in HRM → Human factor: employees	0.183	0.004	0.068	2.684
Performance results in finance → Human factor: managerial staff	−0.064	0.180	0.070	−0.919
Performance results in quality → Human factor: managerial staff	0.192	0.003	0.068	2.823
Performance results in innovativeness → Human factor: managerial staff	−0.137	0.024	0.069	−1.996
Performance results in HRM → Human factor: managerial staff	0.094	0.089	0.069	1.355
Performance results in finance → Contribution level	−0.004	0.475	0.071	−0.063
Performance results in quality → Contribution level	0.219	<0.001	0.068	3.229
Performance results in innovativeness → Contribution level	0.075	0.140	0.070	1.083
Performance results in HRM → Contribution level	0.190	0.003	0.068	2.780

Source: Own research data.
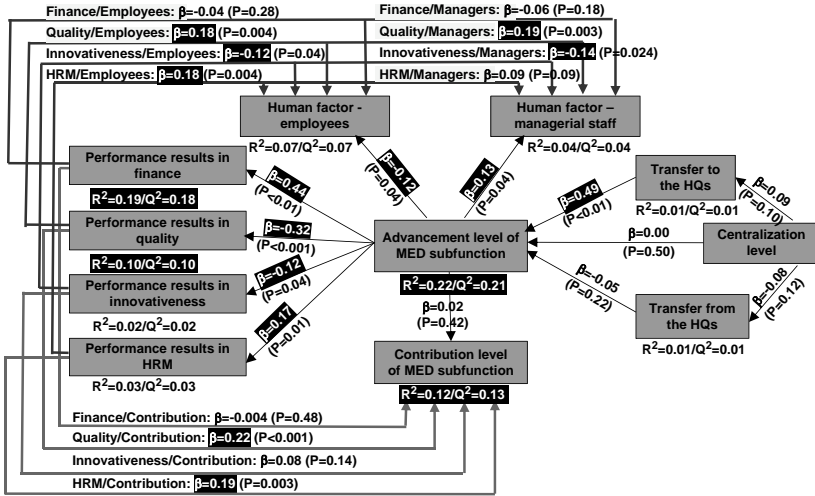
Figure 6.5 The comprehensive reflective measurement model for a latent variable of MED with all performance results.

Source: Own research data.

Note: ■ – Statistically meaningful observations.

when the competitive human factor is considered, the knowledge & skills of employees is impacted by three types of the company's performance results and the managerial competencies by two. As for the HF-employees, on one side, this variable is under a positive impact of performance results in quality ($\beta = 0.18$; $p = 0.004$) and HRM ($\beta = 0.18$; $p = 0.004$), and on the other side, it's under a negative impact of performance results in innovativeness ($\beta = -0.12$; $p = 0.039$). As far as HF-managers is considered, it is under a positive impact of performance results in quality ($\beta = 0.19$; $p = 0.003$) and negative in innovativeness ($\beta = -0.14$; $p = 0.024$). When it comes to the evaluation of the contribution level of MED to the company's overall performance results, it is under a positive impact of two types of performance results, i.e. in quality ($\beta = 0.22$; $p < 0.001$) and HRM ($\beta = 0.19$; $p = 0.003$).

When it comes to verifying the hypotheses developed for this model (which covers all types of the company's performance results), 20 of them have been confirmed, and among them, seven concern the mediation effects. The first confirmed mediation hypothesis states that the company's performance results in quality mediate positively the relationships between the advancement level of MED and the evaluation of the contribution level of this HRM subfunction to the company's performance results (H10B for quality). It's based on a positive verification of the hypotheses in which the direct and negative effect of the advancement level of MED on the company's performance results in quality (H4 for quality) and the direct positive

effect of the performance results in quality on the contribution level of MED (H7B for quality) are confirmed. The second confirmed mediation hypothesis refers to the positive mediating role of the company's performance results in HRM in the relationships between the advancement level of MED and the evaluation of the contribution level of this HRM subfunction to the company's performance results (H10B for HRM). This results from the positive confirmation of a direct and positive impact of the advancement level of MED on the company's performance results in HRM (H4 for HRM) and a direct and positive impact of the company's performance results in HRM on the evaluation of the contribution level of MED (H7B for HRM). The third and fourth confirmed mediation hypotheses are about the positive mediating role of the company's performance results in quality in the relationships between the advancement level of MED and the evaluation of both categories of human factor, i.e. knowledge & skills of employees (H9B for HF-employees) and managerial competencies (H9B for HF-managers) as a company's competitive human factor. This is associated with the confirmation of a direct negative impact of the advancement level of MED on the company's performance results in quality (H4 for quality) and the direct positive impacts of this type of results on the evaluation of both the knowledge & skills of employees (H8B for HF-employees) and on the managerial competencies (H8B for HF-managers). The fifth and sixth confirmed mediation hypotheses concern the negative mediating roles of the company's performance results in innovativeness in the relationships between the advancement level of MED and the evaluation of the human competitive factor, including both the evaluation of knowledge & skills of employees (H9B for HF-employees) and the evaluation of managerial competencies (H9B for HF-managers). This is connected with the confirmation of a direct negative impact of the company's performance results in innovativeness on both types of human factor (H8B for HF-employees and H8B for HF-managers) and the confirmation of the above-mentioned hypothesis H4 for innovativeness. The seventh confirmed mediation hypothesis refers to a positive mediation of the company's performance results in HRM between the advancement level of MED and the evaluation of knowledge & skills of employees (H9B for HF-employees). This is, of course, a result of a positive direct impact of these results on the evaluation of the knowledge & skills of employees (H8B for HF-employees) and a positive direct impact of the advancement level of MED on the company's performance results in HRM (H4 for HRM).

Among the remaining empirically supported hypotheses, two indicate the positive direct impacts of the advancement level of MED on the evaluation of knowledge & skills of employees (H5B for HF-employees) and the evaluation of managerial competencies as a company's (H5B for HF-managers) competitive human factor.

6.7 A concise summary of the research findings in the scope of multiscope employee development

One of the biggest challenges modern organizations face is the Great Resignation, also known as the Big Quit and the Great Reshuffle, which is an ongoing economic and societal trend in which employees voluntarily give up work massively. Research shows that one of the most significant reasons for this state of affairs are the unmet developmental needs of employees by the organizations for which they perform their work. Employee development is important for both the employees and the companies. From the perspective of employees, it helps them to fulfill their psychological needs, support their material being, enhance their employability, and create opportunities to navigate their own careers. From the perspective of companies, they develop their human capital because it enables them to navigate their success in the dynamic times of VUCA (volatility, uncertainty, complexity, and ambiguity), realize their business goals and strategies, and achieve competitive advantage.

Rapidly changing business and work environment, the new expectations and perspectives on human and organizational development, together with an increasing usage of modern ICT, cause that employee development demands a broader conceptualization and a more comprehensive approach in practice. Companies' response to this problem is the use of various systems or HRM subfunctions, dedicated to activities in the field of employee training & development, career management, competency management, and talent management. However, setting a clear border between them often turns out to be impossible. This is because they refer to a joint set of personal characteristics (i.e. knowledge, skills, abilities, capabilities, competencies, talents, behaviors, personal qualities) between which it is also difficult to draw straight boundary lines, particularly when they are considered as attributes of the same individuals. For this reason, this chapter adopted a comprehensive approach to employee development, i.e. multiscope employee development (MED). In its assumptions, it includes the above-mentioned systems or HRM subfunctions. In the conceptual development undertaken in this monograph for research purposes, MED covers 17 components, which are listed in Table 6.1.

Summarizing the most important research findings presented in this chapter, it is worth recalling at the outset that the overall mean value of the advancement level of MED in the research sample is relatively high. Moreover, the advancement levels of particular component are evaluated in a similar way – close to high. When business strategies are considered, the advancement level of MED is appraised a little lower in the MNCs applying growth strategies with comparison to the organizations realizing simultaneously growth & stability strategies. The lowest rating is obtained in companies with stability & retrenchment strategies. This may suggest that in organizations not oriented toward business extension or forced to reduce their businesses, the advancement level of MED doesn't constitute their

primary subject of interest. This may be because the developmental needs in this type of organizations are usually not as great as in organizations focusing on growth. As for the contribution of MED to the business performance results, on average, it appears to be important. It reaches the same highest mean value in the MNCs that realize growth strategies and in those realizing a combination of growth & stability strategies.

The role of MNCs' headquarters at the foreign-entity level is relatively strong. In the overwhelming majority of the companies, it relies on providing the detailed policies, procedures, and rules from the HQ to the local subsidiaries. It can be said that MED shows more centralization than decentralization features; however, as in the case of EPA, discussed in the previous chapter, when compared to STO (see Chapter 3), is less centralized. As for the directions of knowledge & skills flows within MED, it is visible that the flow from the HQs to the local subsidiary is of a little higher significance than the flow in the opposite direction. Anyway, both of these directions are thought to be close to moderately important in their average meaning.

With regard to the five reflective measurement models developed for the latent variable MED, each meets the assessment criteria, exhibits predictive relevance value, and their predictive capability is close to weak. In each of them, the centralization level of MED has no direct effect on its advancement level. This relationship is not mediated by any of the directions of the flow of knowledge. However, the advancement level of MED is positively impacted by the knowledge & skills transfer from the LS to the HQ.

The advancement level of MED has a positive direct impact on the company's performance results in finance and HRM but negative on the results in quality and innovativeness. This may suggest that the content and configuration of particular components of MED, together with their advancement levels, are not properly tailored with the other activities composing HRM function and with the company's quality and innovativeness measures, or there is a gap between what is expected from MED and in what way the practices used in it are associated with expectations in terms of quality and innovativeness. This may also suggest that MED does not support appropriately employee engagement. As presented in Chapter 4, the advancement level of SEWE&JS shows no significant impact on results in quality and innovativeness. However, it should be borne in mind, as mentioned in the previous chapters, that such an interpretation is limited because it is based on *ceteris paribus*, and yet there may be many other variables that shape the examined fragment of organizational reality. But from the managerial perspective, such research findings seem to be important. They show that there is some potential in MED, which organizations can use if they make HRM function more coherent and adapt the concept and construction of MED, not only to their business goals and strategies, but also to their employees as stakeholders.

A juxtaposition of the data on the strategies used by the MNCs with the evaluation of the contribution level of MED to the company's performance

results leads to some additional conclusions. Namely, the research shows that the contribution level of MED is evaluated lower in the organizations that apply growth strategies and a combination of growth & stability strategies with comparison to the organizations following stability & retrenchment business strategies. When compared to the evaluation of the contribution level of STO discussed in Chapter 3, here the situation is different. In the case of STO, the contribution level of this HRM subfunctions reached the lowest score in companies realizing stability & retrenchment strategies. This may mean that for the organizations that want to maintain their current position, even by reducing business activities, MED is perceived as a good tool enabling the implementation of set goals and strategies. Such a conclusion may be also confirmed by the fact, that performance results in quality, innovativeness and HRM mediate positively the relationships between the advancement level of MED and contribution level of MED. This happens when the results are considered individually, i.e. in isolation from other types of performance results. In the comprehensive model of all performance results, this phenomena refers only to the results in quality and HRM. And again, as the research data were collected at the HQs, this may suggest that the managerial staff at the HQs assess the strength of MED contribution to company's performance through the prism of the results in quality and other activities taken within HRM subfunction.

With regard to the human factor, its evaluation as a company's competitive factor, in both categories (non-managerial and managerial), is affected positively by the performance results in quality in two models of MED: with performance results in quality and with all performance results. Both of these categories of human factor are affected negatively by the performance results in innovativeness in the model of MED with all performance results. The performance results in HRM positively affects the knowledge & skills of employees in two models of MED: with results in HRM and with all performance results. Furthermore, the advancement level of MED negatively affects the knowledge & skills of employees in three models of MED: with results in finance, results in HRM, and with all performance results. However, within the last model, there is a positive impact of the advancement level of MED on the evaluation of managerial competencies as a company's competitive factor.

Finally, it can be summarized that the latent variable MED in the comprehensive model with all types of performance results turns out to be a good predictor for such reflective variables as the advancement level of MED, the contribution level of MED, the performance results in finance, and the performance results in quality.

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7 Development of Managerial & Leadership Competencies

7.1 The conceptual construct of managerial staff development

The previous chapter focused on employee development, and here we focus on the development of the managerial staff. A review of literature in this area leads to the conclusion that managerial competencies are fundamentally important for the creation of value added to the company's stakeholders (López-Fernández, 2019), the realization of business strategies (Zakrzewska-Bielawska, 2019) and the achievement of intended organizational goals (Katou & Budhwar, 2010; Kearns, 2010; Nikitina & Lapiņa, 2019), and all that leads to business success and the business's ability to gain competitive advantage (Patel & Hamlin, 2012; Yoon, 2016). The research findings indicate that a linear relationship exists between managerial competencies, including leadership traits and behaviors (Hawi et al., 2015), and firm performance (Hughes & Rog, 2008; Poór et al., 2015; Stor & Suchodolski, 2016a; Hooi, 2019). Hence, priority given to managerial staff development (MSD) significantly affects organizational performance (Mabey & Gooderham, 2005; Sheehan, 2012; Stor & Haromszeki, 2022). Therefore, it is an imperative for organizations to acknowledge the importance of MSD. Successful MSD activities enhance managerial competencies (Thomson et al., 2001), which subsequently help improve firm performance (Garavan & Heraty, 2001). Furthermore, MSD activities build up organizational learning capability (Mallén et al., 2016) and innovation efficiency (Su & Baird, 2018) as the key success factors of organizational performance.

All this means that the managerial staff and its competencies, which are also called managerial capital (Harvey & Novicevic, 2005; Stor, 2014), can be perceived as the source of the company's competitive advantage (Becker et al., 2001). Hence, the development of managerial competencies is the subject of various conceptual solutions and empirical research (Ingham, 2007), with a special stream of interest in the international context of MNCs (Zeira, 1976; Sageder, 2019, Raziq et al., 2020; Stor & Haromszeki, 2021b). But the companies themselves understand that it is essential to

identify effective ways to develop the competencies of their managerial staff (Anzengruber, 2017). And because managerial competencies significantly differ from the competencies of other employees (Raziq et al., 2020), the companies dedicate some of their HRM subfunctions, or some activities composing these subfunctions, exclusively to their current or potential managers. Such activities are not only to grow and improve their ability to perform professional management tasks (Wexley & Baldwin, 1986), like navigating the company's success in the VUCA world mentioned in the previous chapter (Hall & Rowland, 2016), but also they can be oriented toward the development of managers' emotional and social competencies to help them understand their and others' emotions and then use this understanding for personal growth and in their interactions with others (Park & Faerman, 2019). This means that managers can be trained to further support their employees' basic needs and work engagement (Haromszeki, 2016; Jungert et al., 2022) discussed in Chapter 4 and respond properly to the Great Employee Resignation mentioned in Chapter 6. This should be accompanied by organizational support for managers in such dimensions as psychological, relational, controlling, structural, educational, and within the management decision support system (Stańczyk, 2018). The basic assumption is that to enhance managerial competencies in company's competitiveness, it's necessary to have good policies and programs of MSD (Brauer, 2013; Stor, 2016; Becker & Bish, 2017). A lot of methods, techniques, and instruments can be used for MSD: from formal to informal (Conger, 2010; Holt et al., 2018), from simple traits identification (Rudnev, 2022) and training sessions (Hart & Waisman, 2005) to assessment or developmental centers (AC/DC) with their multiple perspective approach (Chen, 2006; Thornton & Rupp, 2006; Taylor, 2007), from on-site to off-site programs, individual development activities to those based mutual knowledge and skills exchange with others in the organization, and postgraduate or MBA studies financed by the organization in part or in full (Lara et al., 2020).

As mentioned earlier, the companies may have in their set of HRM subfunctions, those that, either in whole or in part, relate to managers, while the activities focused on management from leadership are distinguished. When explained in a more formal way, leadership is defined as an influence relationship among leaders and followers who intend real changes and outcomes that reflect their shared purposes, and management means the attainment of organizational goals effectively and efficiently through planning, organizing, staffing, directing, and controlling organizational resources (Daft, 2008; Haromszeki, 2020). In a less formal explanation, leadership predominantly asks the question, "To what end?," whereas management primarily asks the question, "How do we get there?" (Adler & Laasch, 2020). But, of course, apart from the relational approach, there are other approaches, such leadership as a trait, leadership as an ability, the trait approach, the behavior approach, the situational approach, or the

so-called "new leadership" approach covering charismatic leadership theories and transformational leadership theory, which describe leadership as a process that changes people and organizations (Chamorro-Premuzic & Furnham, 2010; Northouse, 2018). Although some separately consider the effectiveness of managers and leaders (Patel & Hamlin, 2012), it should be recognized that managers cannot be successful without being good leaders, and leaders cannot be successful without being good managers.

Against the background of the above considerations, one of HRM subfunctions is leadership development (Stor & Haromszeki, 2019). Yet, leadership development must be differentiated from leader development. Leadership development is about developing the system and processes related to leading and following that inherently involve multiple individuals (Day, 2014), and leader development focuses on human capital and developing the person, their personal power, trustworthiness, intrapersonal competency, self-awareness, self-regulation, and self-motivation (Clark, 2017; Kjellström et al., 2020).

MSD may also take place as part of competency management, which is another subfunction of HRM dedicated to all employees in the organization (Kupczyk & Stor, 2017). The companies create competency profiles and models in which the basic assumption is that managerial competencies are manifested in explicit behaviors (what you do and how you show up) and performance (decisions, actions, and results) (Griffiths & Washington, 2015). Both profiles and models can be more or less detailed (Whetten & Cameron, 2020). Some are prepared for various management levels (Tyrańska, 2016; Mueller et al., 2020), whereas others are built for particular groups of managerial positions in the organization (Szczepańska-Woszczyna, 2021) with focus on the content of the managerial job demands; examples are HR managers and executives (Stor & Suchodolski, 2016b).

Career management is yet another subfunction of HRM that can be used for MSD purposes. Sometimes managerial career development is separated from other activities comprising this subfunction (Baldi & Trigeorgis, 2020). Interestingly, some developmental solutions combine leadership development and competency management (Haromszeki, 2019). This is even visible in the terminology used, mentioning such terms as leadership and managerial competency models (Naquin & Holton, 2006) or leadership competencies profiles and managerial effectiveness (Trivellas & Reklitis, 2014).

The last, but of course not the least important, subfunction of HRM worth mentioning is talent management. Its main concept is based on the assumption that nowadays, a company should be a talent-powered organization. This organization invests in building distinctive capabilities in managing talent to produce extraordinary results for the organization (Cheese et al., 2008; Stor & Haromszeki, 2021a). Of course, there are many definitions and conceptualization of what talent itself means (Festing & Schäfer, 2021; McDonnell & Wiblen, 2021; Tarique, 2022); these are accompanied by various controversies, such as those discussed in the

previous chapter. However, note that, in some cases, both business practice and empirical research focus not on talent management in general, but on the development of managerial talent (Sheehan, 2012).

As already mentioned at the beginning, MSD is also considered in the context of MNCs. Many issues in this area were theoretically conceptualized and empirically studied. It's impossible to enumerate all of them. However, sample problems considered in the last three decades focused on reasons for standardized education and training practices of MNCs in their local subsidiaries (Xirotiri-Kufidu, 1993); reasons for implementing competency-based leadership models for leadership development in MNCs worldwide (Muratbekova-Touron, 2009); talent management of self-initiated expatriates (Vaiman & Haslberger, 2013); the impact of managerial human capital on key processes of leveraging such capital and perceptions of leadership (Lakshman, 2014); differences in competency-management practices in different countries (Stor & Kupczyk, 2015); a deeper understanding of how management practices and processes can differ around the world (Steers et al., 2016); macro talent-management systems (King & Vaiman, 2019); types of managerial competencies to fit the vacant managerial position in foreign subsidiaries of MNCs (Ivanović & Bogdanoska Jovanovska, 2019); strategic talent management in different national markets (Vaiman et al., 2019); seniority in business and its significance for career progression and promotion with relation to individual performance orientation, hybridization of developments, and concepts and dysfunctionality of some HRM practices in different countries (Horak & Yang, 2019); talent management as strategic HRM (Farndale et al., 2019); how global talent management links to performance at the headquarters, subsidiary, and individual employee levels (Collings et al., 2019); cross-level view of talent management, extending beyond a prevailing firm-level, HR-centric, and internal orientations (King & Vaiman, 2019); contextual approaches to HRM (Parry et al., 2021); association between international work experience and career success from a human capital perspective (Andresen et al., 2021); management development with association to firm performance (Hooi, 2021); managerial career development in MNC subsidiaries based on managers' international work experience and advice networks with connection to the moderating role of cultural distance (Kim et al., 2022); executive staffing practices in foreign subsidiaries (Lee et al., 2022); and developing effective global leaders in international assignments (Lazarova et al., 2023).

Summarizing, it can be said that managerial staff development (MSD) can use various concepts, methods, techniques, and instruments that are applied in other HRM subfunctions, such as employee training & development, leadership development, competency management, talent management, and managerial career development. In the approach adopted in this monograph, managerial staff development refers to the development of its managerial and leadership competencies. At the same time, based on the

author's earlier definition (c.f. Stor, 2016:165), it was assumed that the managerial and leadership staffs' competencies considered as a company's competitive advantage cover all the skills, knowledge, personal character-istics, and behaviors needed to effectively perform a role or work of a manager in the organization and help the business meet its strategic ob-jectives in gaining and maintaining its competitive advantage thanks to engaged and well-performing employees. It means that a single competency makes a specific set of the elements enumerated here, is observable in practice, and its effectiveness is measured by appropriate performance in-dicators. In the conceptual development undertaken in this monograph for research purposes, MSD covers 25 components, which are listed in Table 7.1. They refer both to the potential and current managers. To assess their internal consistency within the questionnaire on MSD, Cronbach's alpha, as a measure, was used. The reliability analysis covered 17 five-point scale items (components of MSD, as shown in Table 7.1.). Cronbach's alpha showed the questionnaire to reach very high reliability, $\alpha = 0.907$. All items appeared to be worthy of retention, resulting in a decrease in the alpha if deleted.

7.2 The advancement level of the practices applied in managerial staff development

The overall mean value of the advancement level of MSD in the research sample is relatively high. It falls close to 4 ($\overline{x_{MSD}} = 3{,}73$) on the five-degree measurement scale that is presented at the bottom of Table 7.1. It is exactly the same as in the case of MED presented in the previous chapter.

This table also shows that a clear, transparent system known to employees and managers for employee training & development and career management is a component of MSD that reaches the highest mean value of $\bar{x} = 4{,}26$. The second position is occupied by the identification of competencies of the managerial staff relevant to the realization of the company's strategy ($\bar{x} = 4{,}20$), and the third is held is by the identification of leadership talents – selection criteria: features, skills, attitudes, behaviors, etc. ($\bar{x} = 3{,}09$).

The analysis of the collected data by the percentage share of responses leads to the conclusion that not more than 3% of MNCs evaluate the ad-vancement level of MSD as low or very low. In most cases, the rating range is between average and high. But within each component is a percentage of responses indicating a very high rate, and a clear, transparent system known to employees and managers for employee training & development and career management in the organization; it is even appraised as very high by 37,7% of respondents.

When business strategies are considered, the advancement level of MSD is appraised a little lower in the MNCs applying growth strategies (N = 168; $\bar{x} = 3{,}82$), with comparison to the organizations realizing simultaneously growth & stability strategies (N = 45; $\bar{x} = 3{,}87$). The lowest rating is

Table 7.1 The ranking of the mean values of the advancement levels of particular components of MSD

No.	Components of managerial staff development	Mean ($\bar{x}$)
1.	A clear, transparent and known to employees and managers system for employee training & development and career management	4,26
2.	Identifying competencies of the managerial staff relevant to the realization of the company's strategy	4,20
3.	Identification of leadership talents – selection criteria: features, skills, attitudes, behaviors, etc.	4,09
4.	Talent identification – from reporting by potential participants and superiors' decisions, to formal multi-range selection criteria for the program	4,01
5.	Regular research of customer and business partners opinions on managers/leaders of task and project teams	3,84
6.	Financing training & development of managers by the organization, considering both the needs and goals of the organization and the employees	3,83
7.	Developmental activities related to the results of employee-performance appraisal	3,82
8.	Methods, techniques, and tools used in the development of employees and managers (from basic, such as lectures and workshops to advanced and comprehensive programs for the development of talents, leaders, managerial staff)	3,78
9.	Competency management associated with other HRM subfunctions	3,75
10.	Measurement of employee creativity (number of ideas and improvements reported and their quality)	3,74
11.	Programs for shaping leadership skills within the managerial career path and for leaders of task and project teams	3,74
12.	Building a platform for the exchange of experience, sharing knowledge, learning about the organization using ICT tools	3,71
13.	Regular research of employees' opinions on managers/leaders of task and project teams	3,68
14.	Regular examination of the competency gap of managerial staff and designing solutions to fill it	3,64
15.	Developmental activities result from the diagnosed competency gap of managers	3,64
16.	A dynamic (changing over time) competency database	3,64
17.	Creating R&D facilities for talented employees	3,63
18.	Implementation of a proactive organizational culture promoting commitment, cooperation and efficiency	3,61
19.	Financing of postgraduate studies in the field of leadership, MBA	3,58
20.	Systemic talent management within the development paths	3,58
21.	Developmental activities are in line with the career path individually selected by an employee	3,55
22.	Creating transorganizational cooperation between talented employees	3,55

(*Continued*)

Table 7.1 (Continued)

No.	Components of managerial staff development	Mean ($\bar{x}$)
23.	Support for the so -called "natural leaders" – people called "leaders" by employees	3,55
24.	Succession programs for managerial positions	3,49
25.	Cyclical measurements of the competency state of managerial staff	3,47
Overall mean ($\overline{x_{ED}}$)		**3,73**

Source: Own research data.
The evaluation scale for advancement level.
Comparison to the general trends based on the best worldwide practices:
1 – very low; **2** – low; **3** – average; **4** – high; **5** – very high.

obtained in companies with stability & retrenchment strategies (N = 32; $\bar{x}$ = 3,30). This may suggest that in organizations not oriented toward business extension or forced to reduce their businesses, the advancement level of MSD doesn't constitute their primary subject of interest. This may be because the developmental needs in this type of organization are usually not as great as in organizations focusing on growth.

The statistical analysis also included the identification of the potential relationships between the selected variables characterizing the MNCs and the advancement level of MSD. It showed that this level is positively correlated with the company's size (r = 0,38, at p = 0.000) and period of its operation (r = 0,21, at p = 0.003) and negatively correlated the ownership share of the HQs in their foreign subsidiaries (r = −0,53, at p = 0.00). It means that the larger the company, the longer it operates on the market, and the lower its ownership share in the foreign subsidiary, the higher the advancement level of MSD. However, the analysis didn't reveal any statistically significant correlations between the advancement level of MSD and such variables as the company's type of business activity, internationalization index (II), geographical spread index (GSI), number of total and foreign entities, and number of host countries.

7.3 The contributive role of managerial staff development in the organizational performance

Based on the five-degree measurement scale (1 – not important; 2 – slightly important; 3 – important; 4 – very important; 5 – of critical significance), the significance of managerial staff development to the company's performance results reached the highest mean value in the MNCs that applied a combination of stability & retrenchment business strategies (N = 32; $\bar{x}$ = 3,53). This is interesting because it is the same type of organization in which the advancement level of this HRM subfunction was identified as the lowest in the previous subchapter. As far as the other organizations are

concerned, MSD contribution to the business performance is appraised slightly higher in the MNCs that applied a combination of growth & stability strategies (N = 45; $\bar{x}$ = 3,32) when compared to those realizing growth strategies (N = 168; $\bar{x}$ = 3,31). So, it means that the contributive role of MSD is perceived as important. The mean for the entire sample of MNCs is $\overline{x_{MSD}}$ = 3,35.

As for the structure of evaluations of MSD contribution to the company's performance results, none of the MNCs considered this contribution as unimportant, and only for 1,5 % of them it was slightly important. For 54,5%, it was important, for 41,5%, very important, and for 2,5%, it was of critical significance.

When the structure of the evaluations is analyzed by the business strategies, the distribution of ratings looks very similar for all the companies, regardless of the strategies they use. The prevailing rate is 3 (important; indicated approximately by 50% of MNCs). Interestingly, 10% of the companies that implemented stability & retrenchment strategies simultaneously evaluated the contribution of MSD to the company's performance results as having critical significance. This highest note was granted only by 1% of companies applying growth strategies, and when it comes to companies implementing a combination of growth & stability strategies, none of them chose such a note.

In the next stage, the data were analyzed with regard to the identification of relationships between the significance of MSD to the MNCs' performance results and the selected variables characterizing these organizations. However, no significant correlations have been identified between the contribution level of MSD and these variables, i.e. with the type of business activity, the company's size, period of its operation, the ownership share of the HQs in their foreign subsidiaries, internationalization index (II), geographical spread index (GSI), and the numbers of total and foreign entities and the number of host countries.

7.4 The relationships between the HQ and LS within the scope of managerial staff development

In the overwhelming majority of the companies under study, the role of MNCs' headquarters at the foreign-entity level is relatively strong. Some 81,5% of them provide the detailed policies, procedures, and rules to their local subsidiaries, and the centralized decision making with tight control over realization is preferred by 3,5 % of respondents. In 11,5% of them, the role of the headquarters is based on providing the general guidelines and framework to be implemented by their local subsidiaries. The noninterventionist approach relying on decentralization of decisions at the local subsidiaries' level and granting them autonomy is practiced in only 3,5% of organizations. As a result, the average level of centralization for the entire research sample is $\overline{x_{MSD}}$ = 2,70 on the four-degree measurement scale, where 1 means

decentralization and 4 centralization. So, it is clearly higher with comparison the centralization of MED presented in the previous chapter.

When the directions of knowledge & skills flows within MSD are considered, it is apparent that the flow from the HQs to the local subsidiary is of a little higher significance ($\bar{x} = 3,40$) than the flow in the opposite direction ($\bar{x} = 3,22$). Anyway, as the five-degree scale was used (1 – not important; 2 – slightly important; 3 – moderately important; 4 – important; 5 – very important), the flows in both directions are thought to be moderately important. This conclusion is based not only on the average mean but also on the analysis of evaluation structure. The value of 4 is chosen by approximately 50% of MNCs in the case of flows to local subsidiaries, and approximately 35% in the case of flows in the reverse direction. Interestingly, none of the MNCs reports the direction from the HQ to local subsidiary as being unimportant, and in the case of the opposite direction, only 1% treats it as unimportant. Additionally, both directions of flows are evaluated the highest (very important) only by 2,5% or 1,5% of MNCs, respectively.

Although the internal correlations between variables describing MSD are considered in the next subchapter, it is worth paying attention here to those that determine – according the title of this subchapter – the relationships between the HQ and LS within the scope of MSD. A series of several correlation tests have been performed, and the results (see Table 7.3.) show that the statistically significant positive correlations exist between the advancement level of MSD and the knowledge & skills flows from the local subsidiary to the HQ ($r = 0,35$, at $p < 0.001$) and with the flows in the opposite direction ($r = 0,18$, at $p < 0.01$). At the same time, the contribution level of MSD is positively correlated with the knowledge & skills flows from the HQ to the local subsidiary ($r = 0,34$, at $p < 0.001$), and both of directions of the knowledge & skills flows are also mutually correlated ($r = 0,48$, at $p < 0.001$). No statistically significant relationships have been found between the centralization level of MSD and the above-mentioned variables.

In the subsequent correlation tests, no statistically significant correlations were found between the centralization level of MSD with such variables describing MNCS as the type of business activity, the company's size, the ownership share of the HQs in their foreign subsidiaries, internationalization index (II), geographical spread index (GSI), and number of total and foreign entities. Two identified correlations are negative, and they refer to the relationships with the period of operation on the market ($r = -0,19$, at $p = 0.008$) and the number of host countries ($r = -0,16$, at $p = 0.28$). So, it means the shorter the period of operation on the market and the smaller the number of host countries, the higher the centralization level of MSD. As for the knowledge & skills flows, the direction from the HQ is correlated with nothing and the direction to the HQ is negatively correlated with the ownership share of the HQs in their foreign subsidiaries ($r = -0,33$, at $p = 0.000$) and with the number of host countries ($r = -0,16$, at $p = 0.27$). The interpretation is that the smaller the ownership share of the HQs in their

foreign subsidiaries, and the smaller the number of host countries, the more important the knowledge & skills flows from the LS to the HQ.

7.5 The internal correlations between the variables describing managerial staff development

The analysis of internal correlations between variables describing MSD was preceded by a variable distribution analysis using the Kolmogorov–Smirnov (with Lilliefors correction) and the Shapiro-Wilk normality tests. The results of these tests revealed that none of the variables had normal distribution (see Table 7.2).

Due to the relative lack of normality distributions of the tested variables, it was decided to perform non-parametric analysis. Therefore, to verify the interrelationship between the variables under study, a series of correlation analyzes was made by the Spearman's method. The outcomes are presented in Table 7.3. As in the case of HRM subfunctions, discussed in the previous chapters, seven variables describe MSD, and each of them can be correlated with six other variables in row ($\Sigma r_{\text{Max-row}} = 6$) at the potential degree up to $r = 1.00$, and which gives total of $\Sigma r_{\text{Max-total}} = 42$.

None of the research variables reaches the highest possible number of $\Sigma r_{\text{Max-total}}$ in the entire research sample. The highest score of $\Sigma r_{\text{Max-row}} = 5$ is achieved by two variables. One of them is HF-employees with the range of values between $r = .17$ (p < ,05) and $r = .38$ (p < ,001). It's worth noticing that the strongest correlation within this interval is with HF-managers. At the same time, the strength of this correlation is in the second place in the whole pool of correlations. The first place belongs to the correlation between knowledge & skills transfer to and from the HQ ($r = .38$ (p < ,001). Moreover, knowledge & skills transfer from the HQ to LS is the second variable that reached the the biggest number of correlations, i.e. $\Sigma r_{\text{Max-row}} = 5$. Here the range of values for the correlation coefficients is in the interval between $r = .17$ (p < ,05) and $r = .48$ (p < ,001).

To sum up, the number of correlations obtained in the entire research sample is 24 out of 42 possible (≈57%), and when it comes to the value of correlation coefficient, the lowest is r = .14 (p < ,05), and the highest is r = .48 (p < ,001), so they range from rather weak to close to strong.

7.6 The impact of managerial staff development on the company's performance results – The assessment of the reflective models

7.6.1 The primary findings for all models of managerial staff development

According to the assumptions adopted in Chapter 2, five reflective measurement models for MSD were built, i.e. four with particular types of

Table 7.2 The results of normality tests and descriptive statistics for the variables describing MSD

Variables	KS	p for KS	SW	p for SW	M	SD	SE	MIN	MAX
Advancement level of MSD	0.19	<0.01	0.87	<0.001	3.73	0.35	0.02	2.6	4.32
Contribution level of MSD	0.16	<0.01	0.93	<0.001	3.35	0.44	0.03	2.0	5.00
Centralization of MSD	0.24	<0.01	0.83	<0.001	2.70	0.48	0.03	1.0	4.00
Knowledge & skills transfer from the HQ	0.11	<0.01	0.96	<0.001	3.40	0.48	0.03	2.0	5.00
Knowledge & skills transfer to the HQ	0.22	<0.01	0.88	<0.001	3.22	0.51	0.04	1.0	5.00
Human factor – employees	0.34	<0.01	0.73	<0.001	3.40	0.56	0.04	2.0	5.00
Human factor – managers	0.35	<0.01	0.73	<0.001	3.37	0.56	0.04	2.0	5.00

Source: Own research data.
Legend: KS – Kolmogorov–Smirnov test; SW – Shapiro – Wilk test; M – arithmetic mean; SD – standard deviation; SEM – standard error mean; MIN – minimum value; MAX – maximum value.

Table 7.3 The correlation matrix of the variables describing MSD and human factor

Variables	Advancement level of MSD	Contribution level of MSD	Knowledge & skills transfer to the HQ	Knowledge & skills transfer from the HQ	Centralization of MSD	Human factor – employees	Human factor – managers	No. of sig. r [$\Sigma r_{Max\text{-}row} = 6$; $\Sigma r_{Max\text{-}total} = 42$]
Advancement level of MSD	–	0.11	**0.35*****	**0.18****	0.02	−0.11	0.06	**2**
Contribution level of MSD	0.11	–	0.13	**0.34*****	0.04	**0.28*****	**0.17***	**3**
Knowledge & skills transfer to the HQ	**0.35*****	0.13	–	**0.48*****	0.05	**0.19****	**0.16***	**4**
Knowledge & skills transfer from the HQ	**0.18****	**0.34*****	**0.48*****	–	0.00	**0.17***	**0.22****	**5**
Centralization of MSD	0.02	0.04	0.05	0.00	–	**0.14***	0.09	**1**
Human factor – employees	−0.11	**0.28*****	**0.19****	**0.17***	**0.14***	–	**0.38*****	**5**
Human factor – managers	0.06	**0.17***	**0.16***	**0.22****	0.09	**0.38*****	–	**4**
№ of sig. r [$\Sigma r_{Max\text{-}row} = 6$; $\Sigma r_{Max\text{-}total} = 42$]	**2**	**3**	**4**	**5**	**1**	**5**	**4**	**24**

Source: Own research data.

Notes

*   Spearman's r significant at p < ,05.
**   Spearman's r significant at p < ,01.
***   Spearman's r significant at p < ,001.

company's performance results (i.e. in finance, quality, innovativeness, and HRM respectively) and one comprehensive model with all performance results. However, before assessing these models, a correlation analysis using Spearman's method was carried out to verify the relationships between the major variables under study. As shown in Table 7.4, the company's performance results in finance are positively correlated only with the advancement level of MSD (r = .32; p < ,001) and the knowledge & skills transfer to the HQ (r = .22; p < ,01). The results in quality are negatively correlated with the advancement level of MSD (r = −.23; p < ,001) and the knowledge & skills transfer to the HQ (r = −.16; p < ,05). However, they are also positively correlated with the contribution level of MSD (r = .25; p < ,001) and HF-employees (r = .18; p < ,05). The results in innovativeness are positively correlated with both the contribution level of MSD (r = .20; p < ,01) and the knowledge & skills transfer from the HQ (r = .18; p < ,01). The results in HRM are positively correlated with the advancement level of MSD (r = .16; p < ,05), the contribution level of MSD (r = .28; p < ,001), the knowledge & skills transfer to the HQ (r = .20; p < ,01), and the HQ (r = .21; p < ,01), and HF-employees (r = .17; p < ,05).

The assessment results of the five reflective measurement models for MSD are presented in Table 7.5. All models meet the required criteria of assessment (*c.f.* Garson, 2016; Hair et al. 2022), although the model with results in finance is at the limit of acceptance in the scope of SSR criterion (*c.f.* Garson, 2016; Hair et al. 2022).

As with other models for a single HRM subfunction, here also the values of paths of four variables are common for all reflective measurement models for MSD, regardless of the type of company's performance results. The four variables are: the centralization level, the advancement level, and the transfer of knowledge & skills from the HQ and to the HQ. The summary of their path analysis conducted in in SEM-PLS is presented in Table 7.6.

Therefore, based on this summary, we can say that in each of the five measurement models for MSD, the knowledge & skills transfer to the HQs from the LS impacts directly on the advancement level of this HRM subfunction (β = −.48; p < 0.001). No other direct impact has been identified. Furthermore, none of the directions of knowledge & skills flows mediates the relationships between the centralization level and the advancement level of MSD. This leads to the confirmation of only one research hypothesis, i.e. H2.

7.6.2 The reflective measurement model for managerial staff development with results in finance

The explanatory capability of the reflective measurement model for the latent variable MSD with results in finance is identifiable although weak (see Table 7.7). The variation of the effect (reflective) indicators that are assumed to be affected by a common underlying latent variable, i.e. the

Table 7.4 The results of a correlation test for the variables describing MSD, human factor and company performance results

Variables		Company performance results			
		Finance	*Quality*	*Innovativeness*	*HRM*
Characteristics of MSD	**Advancement level**	**0.32******	**−0.23******	−0.06	**0.16****
	Contribution level	0.10	**0.25******	**0.20****	**0.28******
	Knowledge & skills transfer to the HQ	**0.22****	**−0.16****	−0.03	**0.20****
	Knowledge & skills transfer from the HQ	0.13	0.04	**0.18****	**0.21****
	Centralization level	0.08	0.04	0.03	0.10
Human factor	**Employees**	0.06	**0.18****	0.06	**0.17****
	Managers	0.02	0.09	−0.01	0.09

Source: Own research data.

Notes
* Spearman's r significant at p < ,05.
** Spearman's r significant at p < ,01.
*** Spearman's r significant at p < ,001.

Table 7.5 The assessment results of the reflective measurement models for MSD

Criteria of assessment	MSD models by company performance results				
	Finance	Quality	Innovativeness	HRM	All
AVIF (acceptable if ≤ 5, ideally ≤ 3.3)	1.254	1.166	1.105	1.115	1.368
GoF (small ≥ 0.1, medium ≥ 0.25, large ≥ 0.36)	0.255	0.256	0.215	0.234	0.282
SPR (acceptable if ≥ 0.7, ideally = 1)	0.917	0.833	0.833	0.917	0.792
RSCR (acceptable if ≥ 0.9, ideally = 1)	0.995	0.993	0.992	0.994	0.987
SSR (acceptable if ≥ 0.7)	0.667	0.833	1.000	0.917	0.708
NLBCDR (acceptable if ≥ 0.7)	0.792	0.833	0.917	0.792	0.792

Source: Own research data.

Table 7.6 Path analysis summary in SEM-PLS for variables with common values in all MSD models

Variables: Relationships in paths	β – Path coefficient	p-value	Std. error	T ratios
Centralization level → Transfer to the HQ	0.074	0.146	0.070	1.057
Centralization level → Transfer from the HQ	−0.068	0.164	0.070	−0.980
Centralization level → Advancement level	0.018	0.400	0.070	0.253
Transfer to the HQ → Advancement level	0.476	<0.001	0.065	7.373
Transfer from the HQ → Advancement level	−0.010	0.444	0.071	−0.141

Source: Own research data.

advancement level of MSD, is explained in about 22% ($R^2 = 0.22$). Additionally, the model exhibits predictive relevance value (in–sample predictive power) for this latent variable construct ($Q^2 = 0.21$). At the same time, the variation of variables in the performance results in finance is explained in 19% ($R^2 = 0.19$), and the predictive relevance is identified as well ($Q^2 = 0.19$).

The path analysis for the latent variable MSD also reveals that its advancement level has a direct effect on two of its indicators, i.e. positive on the company's performance results in finance ($\beta = .44$; $p < 0.001$) and negative on the evaluation of HF-employees ($\beta = −.17$; $p = 0.07$). At the same time, no impact of the company's performance results in finance on the variables under study have been identified (see Table 7.8).

Table 7.7 Latent variable coefficients for MSD and performance in finance: Explanatory capability and in-sample predictive power

Coefficient	Knowledge & skills transfer to the HQ	Knowledge & skills transfer from the HQ	Advancement level of MSD	Contribution level of MSD	Human factor – employees	Human factor – managers	Performance results in finance
R²	0.005	0.005	0.223	0.004	0.024	0.001	0.191
Q²	0.007	0.008	0.213	0.009	0.025	0.002	0.185

Source: Own research data.
Interpretation:
R^2 – The amount of variance explained in the construct (very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67).
Q^2 – The predictive capability based on blindfolding procedure (predictive relevance if > 0.00).

Table 7.8 Path analysis summary in SEM-PLS for MSD and company performance in finance

Variables: Relationships in paths	β – Path coefficient	p-value	Std. error	T ratios
Advancement level → Performance results in finance	0.437	<0.001	0.065	6.724
Advancement level → Contribution level	−0.043	0.271	0.070	−0.611
Advancement level → Human factor: employees	−0.169	0.007	0.068	−2.466
Advancement level → Human factor: managerial staff	0.031	0.330	0.070	0.440
Performance results in finance → Human factor: employees	0.110	0.057	0.069	1.587
Performance results in finance → Human factor: managerial staff	0.004	0.480	0.071	0.051
Performance results in finance → Contribution level	0.068	0.167	0.070	0.968

Source: Own research data.
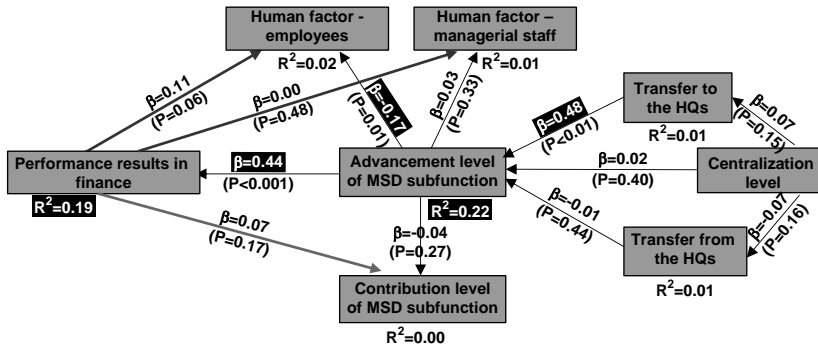
Figure 7.1 The reflective measurement model for a latent variable of managerial staff development (MSD) with performance results in finance.

Source: Own research data.

Note: ■ – Statistically meaningful observations.

Figure 7.1 presents the empirical reflective measurement model for the latent variable of MSD and the relationships verified through the path coefficients and their referred meanings. It's evident that, contrary to the adopted assumptions, the company's performance results in finance do not directly affect either the appraisal of the human factor as the company's competitive factor or the evaluation of the contribution level of MSD to the company's financial performance. In consequence, it means they do not mediate the relationships between the advancement level of MSD and the evaluation of human factor (both HF–employees and HF–managers), nor the relationships between the advancement level of MSD and the evaluation of the contribution level of MSD to the company's financial performance.

When verifying the specific research hypotheses developed for this model, we can say that only two of them have been supported empirically. Namely, the advancement level of MSD appears to impact directly and positively on the company's performance results in finance (H4) and negatively on the evaluation of knowledge & skills of employees as a company's competitive human factor when the company's performance results in finance are considered in isolation from other types of performance results (H5A). No other direct or mediating relationships have been found.

7.6.3 The reflective measurement model for managerial staff development with results in quality

The explanatory capability of the reflective measurement model for the latent variable MSD with results in quality is identifiable although weak

(see Table 7.9). The variation of the effect (reflective) indicators that are assumed to be affected by a common underlying latent variable, i.e. the advancement level of MSD, is explained in about 22% ($R^2 = 0.22$). Additionally, the model exhibits predictive relevance value (in-sample predictive power) for this latent variable construct ($Q^2 = 0.21$). At the same time, the variation of variables in the performance results in quality is explained in 10% ($R^2 = 0.10$), and the predictive relevance is identified as well ($Q^2 = 0.10$).

As for the direct impact of the latent variable MSD in the model with results in quality on its reflective indicators, one such positive impact has been identified, i.e. on the performance results in quality ($\beta = 0.31$; $p < 0.001$). Moreover, as shown in Table 7.10, the performance results in quality impact directly and positively on both categories of human factor, i.e. HF-employees ($\beta = 0.16$; $p = 0.009$) and HF-managers ($\beta = 0.12$; $p = 0.046$), as well as on the evaluation of the contribution level of MSD ($\beta = 0.30$; $p < 0.001$).

Figure 7.2 presents the research model for the latent variable of MSD with results in quality and the relationships verified through the path coefficients and their referred meanings. It's apparent that, contrary to the assumptions made, the evaluations of both knowledge & skills of employees, and the managerial competencies, are not under the direct impact of the advancement level of MSD. When it comes to the evaluation of the contribution level of MSD to the company performance results in quality, it's under their direct and positive impact ($\beta = 0.30$; $p < 0.001$); however, it's not impacted directly by its own advancement level.

When verifying the specific research hypotheses developed for this model, we can say that seven of them have been supported empirically. Well, it turns out that the advancement level of MSD may directly and positively affect the company's performance results in quality (H4). Simultaneously, these results mediate positively the relationships between the advancement level of MSD and the evaluation of the contribution level of MSD (H10A) because they directly and positively affect the evaluation of the contribution level of MSD to the company's performance results in quality (H7A). Additionally, as the company's performance results in quality directly and positively affect the evaluation of both categories of human factor (H8A for HF-employees and H8A for HF-employees), they also mediate positively the relationships between the advancement level of MSD and the evaluation of these categories of human factor (H9A for HF-employees and H9A for HF-employees).

7.6.4 The reflective measurement model for managerial staff development with results in innovativeness

The explanatory capability of the reflective measurement model for the latent variable MSD with results in innovativeness is identifiable although

Table 7.9 Latent variable coefficients for MSD and performance in quality: Explanatory capability and in-sample predictive power

Coefficient	Knowledge & skills transfer to the HQ	Knowledge & skills transfer from the HQ	Advancement level of MSD	Contribution level of MSD	Human factor – employees	Human factor – managers	Performance results in quality
R²	0.005	0.005	0.223	0.079	0.039	0.014	0.094
Q²	0.007	0.008	0.213	0.087	0.039	0.015	0.094

Source: Own research data.

Interpretation:

R^2 – The amount of variance explained in the construct (very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67).

Q^2 – The predictive capability based on blindfolding procedure (predictive relevance if > 0.00).

Table 7.10 Path analysis summary in SEM-PLS for MSD and company performance in quality

| Variables: Relationships in paths	β – Path coefficient	p-value	Std. error	T ratios
Advancement level → Performance results in quality	0.306	<0.001	0.067	-4.590
Advancement level → Contribution level	0.077	0.135	0.070	1.108
Advancement level → Human factor: employees	-0.071	0.156	0.070	-1.012
Advancement level → Human factor: managerial staff	0.068	0.164	0.070	0.980
Performance results in quality → Human factor: employees	0.164	0.009	0.069	2.392
Performance results in quality → Human factor: managerial staff	0.117	0.046	0.069	1.698
Performance results in quality → Contribution level	0.296	<0.001	0.067	4.425

Source: Own research data.
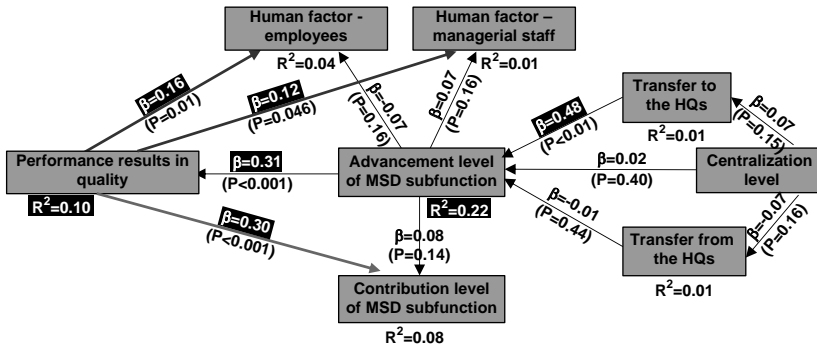
Figure 7.2 The reflective measurement model for a latent variable of managerial staff development (MSD) with performance results in quality.

Source: Own research data.

Note: ■ – Statistically meaningful observations.

weak (see Table 7.11.). The variation of the effect (reflective) indicators that are assumed to be affected by a common underlying latent variable, i.e. the advancement level of MSD, is explained in about 22% ($R^2 = 0.22$). Additionally, the model exhibits predictive relevance value (in-sample predictive power) for this latent variable construct ($Q^2 = 0.21$).

As for the direct impact of the latent variable MSD in the model with results in innovativeness on its reflective indicators, one such impact, although negative, has been identified, i.e. on the HF-employees ($\beta = -0.12$; $p = 0.045$). Moreover, as shown in Table 7.12, the performance results in innovativeness directly and positively affect the evaluation of the contribution level of MSD ($\beta = 0.25$; $p < 0.001$).

Figure 7.3 presents the research model for the latent variable of MSD with results in innovativeness and the relationships verified through the path coefficients and their referred meanings. It's visible that, contrary to the assumptions made, the evaluations of both knowledge & skills of employees and the managerial competencies are not under the direct impact of performance results in innovativeness. As for the advancement level of MSD, it impacts only the HF-employees, and the impact is negative. When it comes to the evaluation of the contribution level of MSD to the company performance results in innovativeness, it's under their direct and positive impact ($\beta = 0.25$; $p < 0.001$); however, it's not impacted directly by its own advancement level.

When verifying the specific research hypotheses developed for this model, we can say that two of them have been supported empirically. Well, it turns out that the advancement level of MSD directly but negatively

Table 7.11 Latent variable coefficients for MSD and performance in innovativeness: Explanatory capability and in-sample predictive power

Coefficient	Knowledge & skills transfer to the HQ	Knowledge & skills transfer from the HQ	Advancement level of MSD	Contribution level of MSD	Human factor – employees	Human factor – managers	Performance results in innovativeness
R^2	0.005	0.005	0.223	0.060	0.016	0.002	0.012
Q^2	0.007	0.008	0.213	0.067	0.016	0.004	0.015

Source: Own research data.

Interpretation:

R^2 – The amount of variance explained in the construct (very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67).

Q^2 – The predictive capability based on blindfolding procedure (predictive relevance if > 0.00).

Table 7.12 Path analysis summary in SEM-PLS for MSD and company performance in innovativeness

| Variables: Relationships in paths	β – Path coefficient	p-value	Std. error	T ratios
Advancement level → Performance results in innovativeness	−0.108	0.060	0.069	−1.564
Advancement level → Contribution level	0.013	0.425	0.071	0.189
Advancement level → Human factor: employees	−0.117	0.045	0.069	−1.699
Advancement level → Human factor: managerial staff	0.029	0.340	0.070	0.413
Performance results in innovativeness → Human factor: employees	0.030	0.332	0.070	0.434
Performance results in innovativeness → Human factor: managerial staff	−0.032	0.327	0.070	−0.448
Performance results in innovativeness → Contribution level	0.246	<0.001	0.067	3.640

Source: Own research data.
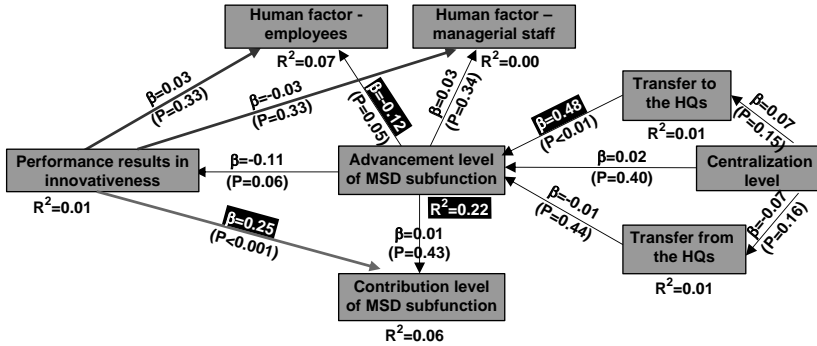
Figure 7.3 The reflective measurement model for a latent variable of managerial staff development (MSD) with performance results in innovativeness.

Source: Own research data.

Note: ■ – Statistically meaningful observations.

affects the HF-employees (H5A), and the results in innovativeness directly and positively affect the contribution level of MSD (H7A).

7.6.5 The reflective measurement model for managerial staff development with results in HRM

The explanatory capability of the reflective measurement model for the latent variable MSD with results in HRM is identifiable although weak (see Table 7.13.). The variation of the effect (reflective) indicators that are assumed to be affected by a common underlying latent variable, i.e. the advancement level of MSD, is explained in about 22% ($R^2 = 0.22$). Additionally, the model exhibits predictive relevance value (in-sample predictive power) for this latent variable construct ($Q^2 = 0.21$).

As for the direct impact of the latent variable MSD in the model with results in HRM on its reflective indicators, two such impacts have been identified, i.e. positive on the performance results in HRM ($\beta = 0.15$; p = 0.016) and negative on the evaluation of knowledge & skills of employees as a company's competitive factor ($\beta = -0.14$; p = 0.020). Moreover, as shown in Table 7.14, the performance results in HRM directly and positively affect the evaluation of knowledge & skills of employees ($\beta = 0.17$; p = 0.007) and the evaluation of the contribution level of MSD ($\beta = 0.28$; p < 0.001).

Figure 7.4 presents the research model for the latent variable of MSD with results in HRM and the relationships verified through the path coefficients and their referred meanings. It's apparent that, contrary to the assumptions made, from the two categories of human factor, it is only the knowledge & skills of employees that is under a negative direct impact of the advancement level of MSD and positive impact of the performance

Table 7.13 Latent variable coefficients for MSD and performance in HRM: Explanatory capability and in-sample predictive power

Coefficient	Knowledge & skills transfer to the HQ	Knowledge & skills transfer from the HQ	Advancement level of MSD	Contribution level of MSD	Human factor – employees	Human factor – managers	Performance results in HRM
R^2	0.005	0.005	0.223	0.076	0.042	0.005	0.026
Q^2	0.007	0.008	0.213	0.081	0.043	0.006	0.028

Source: Own research data.

Interpretation:

R^2 – The amount of variance explained in the construct (very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67).

Q^2 – The predictive capability based on blindfolding procedure (predictive relevance if > 0.00).

Table 7.14 Path analysis summary in SEM-PLS for MSD and company performance in HRM

Variables: Relationships in paths	β – Path coefficient	p-value	Std. error	T ratios
Advancement level → Performance results in HRM	0.163	0.009	0.069	2.375
Advancement level → Contribution level	−0.059	0.201	0.070	−0.839
Advancement level → Human factor: employees	−0.148	0.016	0.069	−2.157
Advancement level → Human factor: managerial staff	0.022	0.378	0.070	0.310
Performance results in HRM → Human factor: employees	0.169	0.007	0.068	2.467
Performance results in HRM → Human factor: managerial staff	0.065	0.175	0.070	0.936
Performance results in HRM → Contribution level	0.279	<0.001	0.067	4.158

Source: Own research data.
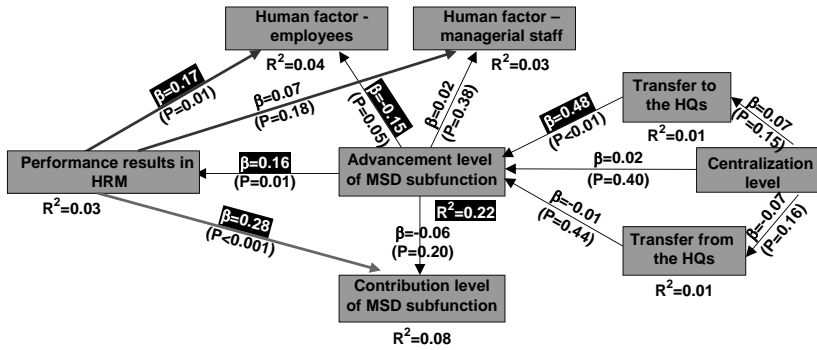
Figure 7.4 The reflective measurement model for a latent variable of managerial staff development (MSD) with performance results in HRM.

Source: Own research data.

Note: ■ – Statistically meaningful observations.

results in HRM. The other human factor is under no impact. When it comes to the evaluation of the contribution level of MSD to the company performance results in HRM, it's under their direct and positive impact ($\beta = 0.28$; $p < 0.001$); however, it's not impacted directly by its own advancement level.

When verifying the specific research hypotheses developed for this model, we can say that six of them have been supported empirically. Well, it turns out that the advancement level of MSD directly and positively affects the company's performance results in HRM (H4). Simultaneously, these results directly and positively affect the contribution level of MSD (H7A), so they mediate the relationships between the advancement level of MSD and the evaluation of the contribution level of this HRM subfunction to the company's performance results in HRM considered in isolation from other types of performance results (H10A). Apart from that, the performance results in HRM directly and positively affect the evaluation of knowledge & skills of employees (H8A), so they also mediate the relationships between the advancement level of MSD and the evaluation of this category of human factor (H9A). It is also worth noting that the advancement level of MSD impact negatively on this category of human factor (H5A).

7.6.6 The comprehensive reflective measurement model for managerial staff development with all types of performance results

The explanatory capability of the comprehensive reflective measurement model for the latent variable MSD with all types of performance results is identifiable but weak (see Table 7.15). Similar to the previously discussed models of MED, the variation of the effect (reflective) indicators assumed to

Table 7.15 Latent variable coefficients for MSD and all types of performance results: Explanatory capability and in-sample predictive power

Variable	Coefficient	
	R^2	Q^2
Knowledge & skills transfer to the HQ	0.005	0.007
Knowledge & skills transfer from the HQ	0.005	0.008
Advancement level of MSD	0.223	0.213
Contribution level of MSD	0.137	0.147
Human factor – employees	0.072	0.073
Human factor – managers	0.030	0.033
Performance results in finance	0.191	0.185
Performance results in quality	0.094	0.094
Performance results in innovativeness	0.012	0.015
Performance results in HRM	0.026	0.028

Source: Own research data.
Interpretation:
R^2 – The amount of variance explained in the construct (very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67).
Q^2 – The predictive capability based on blindfolding procedure (predictive relevance if > 0.00).

be affected by a common underlying latent variable, i.e. the advancement level of MSD, is explained in about 22% (R^2 = 0.22). Moreover, the model exhibits predictive relevance value (in-sample predictive power) for this latent variable construct (Q^2 = 0.21). Furthermore, there are some other meaningful observations. One refers to the contribution level of MSD. Here the variation of variables is explained in 14% (R^2 = 0.14), and the predictive relevance is found as well (Q^2 = 0.15). Two others observations concern performance results. Namely, the variation of variables in results in finance is explained in 19% (R^2 = 0.19) and in results in quality in 10% (R^2 = 0.10), and both with identifiable predictive power (Q^2 = 0.19 and Q^2 = 0.10 respectively).

In the case of the comprehensive reflective measurement model for the latent variable MSD with all types of performance results, the further analysis has revealed that this variable affects four of its reflective variables. It exerts positive impact on three types of the performance results, i.e. in finance (β = 0.44; p < 0.001), quality (β = 0.30; p < 0.001), and HRM (β = 0.16; p = 0.009), and negative on the knowledge & skills of employees (β = −0.13; p = 0.031). As for the evaluation of the contribution level of MSD, it is impacted positively by two types of the company's performance results, i.e. by the results in quality (β = 0.24; p < 0.001) and the results in HRM (β = 0.22; p < 0.001). Table 7.16 shows the path analysis summary for MSD and all types of company performance results.

Figure 7.5 presents the comprehensive research model for the latent variable of MSD with all types of company's performance results verified

Table 7.16 Path analysis summary in SEM-PLS for MSD and all types of company performance results

Variables: Relationships in paths	β – Path coefficient	p-value	Std. error	T ratios
Advancement level → Performance results in finance	0.437	<0.001	0.065	6.724
Advancement level → Performance results in quality	0.306	<0.001	0.067	−4.590
Advancement level → Performance results in innovativeness	−0.108	0.060	0.069	−1.564
Advancement level → Performance results in HRM	0.163	0.009	0.069	2.375
Advancement level → Contribution level	0.047	0.250	0.070	0.675
Advancement level → Human factor: employees	−0.129	0.031	0.069	−1.875
Advancement level → Human factor: managerial staff	0.072	0.152	0.070	1.031
Performance results in finance → Human factor: employees	0.046	0.255	0.070	0.660
Performance results in quality → Human factor: employees	0.178	0.005	0.068	2.607
Performance results in innovativeness → Human factor: employees	−0.121	0.041	0.069	−1.748
Performance results in HRM → Human factor: employees	0.183	0.004	0.068	2.678
Performance results in finance → Human factor: managerial staff	−0.041	0.278	0.070	−0.590
Performance results in quality → Human factor: managerial staff	0.173	0.006	0.068	2.531
Performance results in innovativeness → Human factor: managerial staff	−0.140	0.022	0.069	−2.035
Performance results in HRM → Human factor: managerial staff	0.101	0.073	0.069	1.462
Performance results in finance → Contribution level	−0.039	0.289	0.070	−0.557
Performance results in quality → Contribution level	0.239	<0.001	0.068	3.543
Performance results in innovativeness → Contribution level	0.061	0.193	0.070	0.870
Performance results in HRM → Contribution level	0.223	<0.001	0.068	3.291

Source: Own research data.
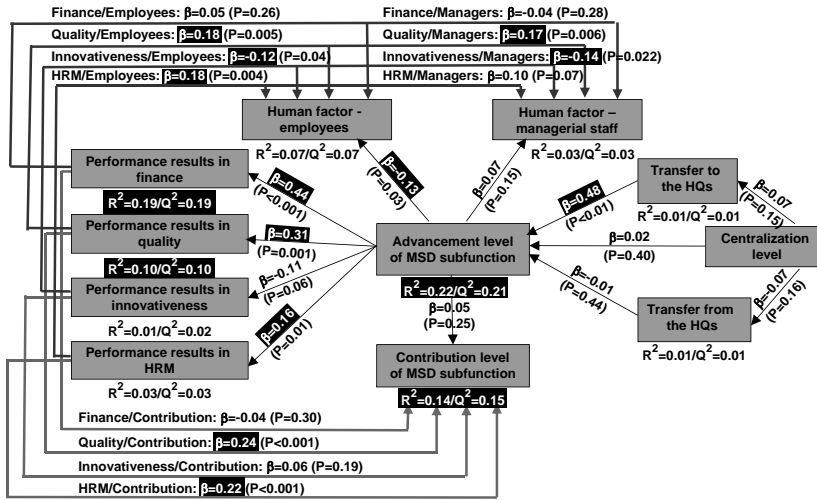
Figure 7.5 The comprehensive reflective measurement model for a latent variable of MSD with all performance results.

Source: Own research data.

Note: ■ – Statistically meaningful observations.

through the path coefficients and their referred meanings. In this model, when the competitive human factor is considered, the knowledge & skills of employees is impacted by three types of the company's performance results and the managerial competencies by two. As for the HF-employees, on one side, this variable is under a positive impact of performance results in quality ($\beta = 0.18$; $p = 0.005$) and HRM ($\beta = 0.18$; $p = 0.004$), and on the other side, it's under a negative impact of performance results in innovativeness ($\beta = -0.12$; $p = 0.041$). As far as HF-managers is concerned, it is under a positive impact of performance results in quality ($\beta = 0.17$; $p = 0.006$) and negative of results in innovativeness ($\beta = -0.14$; $p = 0.022$). When it comes to the evaluation of the contribution level of MSD to the company overall performance results, it is under a positive impact of two types of performance results, i.e. in quality ($\beta = 0.24$; $p < 0.001$) and in HRM ($\beta = 0.22$; $p < 0.001$).

When it comes to verifying the hypotheses developed for this model (which covers all types of the company's performance results), 16 of them have been confirmed, and among them, five concern the mediation effects. The first confirmed mediation hypothesis states that the company's performance results in quality mediate positively the relationships between the advancement level of MSD and the evaluation of the contribution level of this HRM subfunction to the company's performance results (H10B for quality). It's based on a positive verification of the hypotheses in which the

direct and positive effect of the advancement level of MSD on the company's performance results in quality (H4 for quality), and the direct positive effect of the performance results in quality on the contribution level of MSD (H7B for quality) are confirmed. The second confirmed mediation hypothesis refers to the positive mediating role of the company's performance results in HRM in the relationships between the advancement level of MSD and the evaluation of the contribution level of this HRM subfunction to the company's performance results (H10B for HRM). This results from the positive confirmation of a direct and positive impact of the advancement level of MSD on the company's performance results in HRM (H4 for HRM) and a direct and positive impact of the company's performance results in HRM on the evaluation of the contribution level of MSD (H7B for HRM). The third and fourth confirmed mediation hypotheses are about the positive mediating role of the company's performance results in quality in the relationships between the advancement level of MSD and the evaluation of both categories of human factor, i.e. knowledge & skills of employees (H9B for HF-employees) and managerial competencies (H9B for HF-managers) as a company's competitive human factor. This is associated with the confirmation of a direct positive impact of the advancement level of MSD on the company's performance results in quality (H4 for quality) and the direct positive impacts of this type of results on the evaluation of both the knowledge & skills of employees (H8B for HF-employees) and on the managerial competencies (H8B for HF-managers). The fifth confirmed mediation hypothesis concerns the positive mediating roles of the company's performance results in HRM in the relationships between the advancement level of MSD and the evaluation of the knowledge & skills of employees (H9B for HF-employees). This is connected with the confirmation of a direct negative impact of the advancement level of MSD on the company's results in HRM (H4 for HRM) and the positive direct impact of these results on the evaluation of the knowledge & skills of employees (H8B for HF-employees).

Among the remaining empirically supported hypotheses, two refer to the advancement level of MSD and its positive direct impact on the on the company's performance results in finance (H4 for finance) and negative on the evaluation of knowledge & skills of employees as a company's competitive human factor (H5B for HF-employees). And the last two positively verified hypotheses describe the negative direct impact of the company's performance results in innovativeness on both categories of human factor (H8B for HF-employees and H8B for HF-managers).

7.7 A concise summary of the research findings in the scope of managerial staff development

Although some separately consider the effectiveness of managers and leaders, it should be recognized that managers cannot be successful without

being good leaders, and leaders cannot be successful without being good managers. Managerial and leadership competencies are of fundamental importance to the creation of value added to the company's stakeholders, the realization of business strategies, and the achievement of intended organizational goals and all that leads to business success and its ability to gain competitive advantage. A review of literature in this area leads to the conclusion that priority given to managerial staff development (MSD) significantly affects organizational performance.

MSD can use various concepts, methods, techniques, and instruments that are applied in other HRM subfunctions, such as employee training & development, leadership development, competency management, talent management, and managerial career development. In the approach adopted in this monograph, MSD refers to the development of its managerial and leadership competencies. The activities with MSD are not only to grow and improve current and potential managers' ability to perform professional management tasks, like navigating the company's success in the VUCA world mentioned in the previous chapter; but managers should be also trained to further support their employees' basic needs and work engagement discussed in Chapter 4 and respond properly to the Great Employee Resignation mentioned in Chapter 6. All this means that the managerial staff and its competencies, which are also called managerial capital, can be perceived as the source of the company's competitive advantage. And the basic assumption is that to enhance managers and their competencies in this role, it's necessary to have good MSD policies and programs. For this reason, this chapter adopted a comprehensive approach to MSD, which includes the various activities composing the above-mentioned subfunctions of HRM. In the conceptual development undertaken in this monograph for the research purposes, MSD covers 25 components, which are listed in Table 7.1.

Summarizing the most important research findings presented in this chapter, it is worth recalling at the outset that the overall mean value of the advancement level of MSD in the research sample is relatively high. Moreover, the advancement levels of particular components are evaluated in a similar way – close to high and sometimes even slightly above high. When business strategies are considered, the advancement level of MSD is appraised a little lower in the MNCs applying growth strategies when compared to the organizations realizing simultaneously growth & stability strategies. The lowest rating is obtained in companies with stability & retrenchment strategies. This may suggest that in organizations that are not oriented toward business extension or are forced to reduce their businesses, the advancement level of MSD doesn't constitute their primary subject of interest. This may be due to the fact that the developmental needs in this type of organization are usually not as great as in organizations focusing on growth. It reaches the highest mean value in the MNCs that applied a combination of stability & retrenchment business strategies. The value is

close to very important. As for the contribution of MSD to the business-performance results, it is appraised slightly higher in the MNCs that applied a combination of growth & stability strategies when compared to those realizing growth strategies. But the highest note is achieved in the organizations following a combination of stability & retrenchment strategies.

The role of MNCs' headquarters at the foreign-entity level is relatively strong. The overwhelming majority of the companies rely on providing the detailed policies, procedures, and rules from the HQ to the local subsidiaries. It can be said that MSD shows more centralization than decentralization features; however, as in the case of EPA or MED discussed in the previous chapters, when compared to to STO (see Chapter 3), it is less centralized. As for the directions of knowledge & skills flows within MSD, it is apparent that the flow from the HQs to the local subsidiary is of a little higher significance than the flow in the opposite direction. Anyway, both of these directions are thought to be close to moderately important in their average meaning.

With regard to the five reflective measurement models developed for the latent variable MSD, each meets the assessment criteria, exhibits predictive relevance value, and their predictive capability is close to weak. In each of them the centralization level of MSD has no direct effect on its advancement level. This relationship is not mediated by any of the directions of the flow of knowledge. However, the advancement level of MSD is positively impacted by the knowledge & skills transfer from the LS to the HQ.

The advancement level of MSD has a positive direct impact on the company's performance results in finance, quality, and HRM, but it has no statistically significant impact on the results in innovativeness. This may suggest that the content and configuration of particular components of MSD, together with their advancement levels, are not properly tailored with the other activities composing HRM function and with the company's innovativeness measures, or there is a gap between what is expected from MSD and in what way the practices used in it are associated with expectations in terms of innovativeness. This may also suggest that MSD does not support appropriately both managerial and employee engagement in innovativeness. However, it should be remembered, as mentioned in the previous chapters, that such an interpretation is limited because it is based on *ceteris paribus*, and yet there may be many other variables that shape the examined fragment of organizational reality. But from the managerial perspective, such research findings seem to be important. They show that there is some potential in MSD, which organizations can use if they make HRM function more coherent and adapt the concept and construction of MSD not only to their business goals and strategies, but also to their managers as stakeholders.

A juxtaposition of the data on the strategies used by the MNCs with the evaluation of the contribution level of MSD to the company's performance results leads to some additional conclusions. Namely, the research shows

that the contribution level of MSD is evaluated lower in the organizations that apply growth strategies and a combination of growth & stability strategies with comparison to the organizations following stability & retrenchment business strategies. These research findings are very similar to the regularities identified in the case of MED presented in the previous chapter. And similarly, when compared to the evaluation of the contribution level of STO discussed in Chapter 3, here the situation is different. In the case of STO, the contribution level of this HRM subfunctions reached the lowest score in companies realizing stability & retrenchment strategies. This may mean that for the organizations that want to maintain their current position, even by reducing business activities, MSD is perceived as a good tool enabling the implementation of set goals and strategies. Such a conclusion may be also confirmed by the fact that performance results in quality and HRM mediate positively the relationships between the advancement level of MSD and contribution level of MSD. This happens both when the results are considered individually, i.e. in isolation from other types of performance results and when they are in the context of other types of performance results. And again, as the research data were collected at the HQs, this may suggest that the managerial staff at the HQs assess the strength of MSD contribution to company's performance through the prism of the results in quality and other activities taken within HRM subfunction.

With regard to the human factor, it's evaluation as a company's competitive factor, in both categories (non-managerial and managerial), is affected positively by the performance results in quality in two models of MSD: with performance results in quality and with all performance results. Both of these categories of human factor are affected negatively by the performance results in innovativeness in the model of MSD with all performance results. The performance results in HRM positively affects the knowledge & skills of employees in two models of MSD: with results in HRM and with all performance results. Furthermore, the advancement level of MSD negatively affects the knowledge & skills of employees in four models of MSD: with results in finance, results in innovativeness, results in HRM, and with all performance results.

Finally, it can be summarized that the latent variable MSD in the comprehensive model with all types of performance results turns out to be a good predictor for such reflective variables as the advancement level of MSD, the contribution level of MSD, the performance results in finance, and the performance results in quality.

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8 Managing Employer Brand

8.1 The conceptual construct of employer branding

Employer branding (EB), sometimes called employer brand management, is the response of enterprises to competitive labor markets, and recently, to the intensification of the phenomena of quiet quitting explained in Chapter 4 and the employee Great Resignation discussed in Chapter 6. The main goal is to attract and retain the right employees in the organization to support its goals attainment. Its general concept is based on the alignment of HRM and marketing practices (Ambler & Barrow, 1996) for gaining a competitive advantage (Rana et al., 2021), combining a resource-based view with brand equity theory (Backhaus & Tikoo, 2004; Tumasjan et al., 2020), applying employee relationship management for building mutually beneficial relations between employees and employers (Strohmeier, 2013), and the strategic management concepts in which employer brand strategy, HRM strategy, marketing strategy, and corporate brand strategy are interrelated in a subordinate relationship with business strategy (Mosley, 2014; Theurer et al., 2018). For this reason, shaping the employer's brand takes on special importance and is even treated as an area of strategic HRM (Cascio & Graham, 2016) toward which organizations can formulate their own strategies in connection with business strategies (Sparrow & Otaye, 2015).

Employer brand and employer branding are not the same things. The employer brand can be defined as the package of functional, economic, and psychological benefits provided by employment and identified with the employing company (Ambler & Barrow, 1996:187), whereas employer branding is the process of building a differentiated brand identity as an employer by attracting, motivating, and retaining employees (Backhaus, 2004:117; Backhaus & Tikoo, 2004:502). These unique criteria of the employment offer (or the package – as named above) are often referred to as the employee value proposition (Barrow & Mosley, 2005).

The employer branding process, which involves the development of an employment value proposition and the marketing of that proposition (Backhaus, 2016), can be considered as having an internal and external

perspective. The external employer brand refers to the employer image, or the mental representations individuals have of the organization as an employer, while identity is what the insiders, i.e. employees, perceive to be the stable and persistent core of the company (Lievens & Slaughter, 2016; Näppä, 2022). Hence, employer branding represents a firm's efforts to promote, both within and outside the firm, a clear view of what makes it different and desirable as an employer (Backhaus & Tikoo, 2004). In result, two streams of research can be identified in the field: one studying the effects of employer brands on potential or current employees, and the other focusing on management activities, i.e. employer branding (Mölk, 2018). Additionally, employer branding and its influence on managers (Davies, 2008) or former employees (Sidor-Rządkowska, 2015) make separate research streams.

The level of organization's attractiveness for employees becomes an important predictor of this organization's ability to attract and retain the labor force (Sparrow & Otaye, 2015:2). Employer attractiveness is defined as the envisioned benefits that a potential or current employee sees in working for a specific organization (Berthon et al., 2005). This is what makes the employer become the employer of choice (Rampl, 2014). The research findings prove that the amount of salary is not the only or fundamental factor attracting candidates for work and determining whether employees remain in the organization (Styvén et al., 2022). Other, equally important, factors are: the characteristics of the work itself and the way it is described, the presence of the employer in the media and the opportunity to familiarize with the offered working conditions, reputation of the employer in these media based on the opinions of current and former employees (Verma & Venkatesan, 2022); valuable relationships with employees based on information technology (Strohmeier, 2013); people feel fitted to the organization (Rai & Nandy, 2021); employees experience job satisfaction, organizational commitment (Tanwar & Prasad, 2016), and the fulfillment of psychological contracts (Rosethorn, 2009; Prasad, 2019); career development opportunities (Backhaus & Tikoo, 2004); the opportunities of acquiring new competencies (Kashive & Khanna, 2017); organizational culture (Gilani & Cunnigham, 2017), including the maintenance of a work–life balance; employee pension programs (Stefańska & Olejnik, 2021); managers who play the roles of leaders (Bellou et al., 2015); inspiring management; corporate social responsibility (Mosley, 2014) and the identification of the needs and aspirations of employees to propose solutions that meet various expectations (Wilden et al., 2010; Saini et al., 2015).

According to the perspective adopted in this monograph (see Chapter 1), employer branding is considered as of the HRM subfunctions. However, it is a specific subfunction since, to a large extent, it is composed of elements constituting other functional areas of HRM or being such areas themselves (*c.f.* Wojtaszczyk, 2012; Cascio & Graham, 2016; Prajapati & Patel, 2017; Stor, 2019). The existing conceptual developments and empirical research

within EB took into account such subfunctions or activities in HRM as: staffing, i.e. recruitment, selection and adaptation or on-boarding (Mosley, 2014); organizational and interpersonal communication with current and potential employees (De Stobbeleir et al., 2018), including the application of the newest technologies (Cascio, 2014:121–128); rewards and benefits management (Bellou et al., 2015; Gilani & Cunnigham, 2017); employee performance appraisal and performance management (Kashive & Khanna, 2017); employee motivating (Bellou et al., 2015); shaping employee work engagement (Gilani & Cunnigham, 2017; Yousf & Khurshid, 2021), job satisfaction (Tanwar & Prasad, 2016) and organizational commitment (Botella-Carrubi et al., 2021); employee training & development (Wallace et al., 2014; Bellou et al., 2015; Gilani & Cunnigham, 2017); leadership development (Hodges & Martin, 2012; Mosley, 2014); career management (Backhaus & Tikoo, 2004), and talent management (Bellou et al., 2015; Reis et al., 2021).

One of the expectations of EB is its positive impact on the organization's performance. However, it is argued that that EB cannot influence firm performance directly (Theurer et al., 2018), but, as the research confirms, it can affect directly through the raised HRM outcomes (Barrow & Mosley, 2005; Wong & Merrilees, 2008; Aldousari et al., 2017) that are directly connected with the business performance (Samo et al., 2020; Tumasjan et al., 2020). So, this means that the positive results of activities undertaken in various HRM subfunctions with their focus on EB can contribute to the company performance (Huseynova et al., 2022; Ognjanović, 2020; Tumasjan et al., 2020).

To create an effective employer branding strategy, a contextual approach should be considered. Of course, there are many factors constructing the context, but at least a few of them are worth paying close attention to. Certainly, one of them is connected with the type of economic activity the organization performs, which specifies the environment, conditions, and requirements for work and employees (Buchelt et al., 2021). Another one concerns the employment structure. Implementing a one-size-fits-all approach toward the employees is likely to be ineffective. The activities within EP should be tailored to the employees by their age or generations (Dutta & Mishra, 2021; Paukert et al., 2021), gender (Alnıaçık & Alnıaçık, 2012), and organizational position (Buchelt et al., 2021).

Other contextual factors may be related to the environment in which MNCs operate, as to mention economic, legal, political, social, cultural or technological. Each of them can build some local framework, and some can be so strong that reliance on a global brand is ineffective. Research shows that sometimes the way of employer brand building on the local labor market by MNCs can be assessed as too ethnocentric in terms of cultural, formal, and legal differences between the HQ and local subsidiary (Khojastehpour & Johns, 2015), and hence, weakening the attractiveness of a MNC as an employer. Research also shows that attractiveness factors,

such as: inspiring management, CSR, ethical standards, environmental sustainability, opportunities for professional training and development, se-cure employment, supportive leaders, friendly work environment, com-petitive base salary, support for gender equality, acceptance toward minorities, opportunities for international travel or relocation, flexible working conditions, team-oriented work, high level of responsibility – may be ranked differently by the recipients in different countries, sometimes even exhibiting extreme differences in what is the most and least important (Mosley, 2014). Other studies show that MNCs, depending on their country of origin, emphasize differently such themes as global mobility, opportunities of experience, and personal development on Facebook within their EB campaign (Ellmer et al., 2021). Still others prove that the CSR promotion, as part of EB activities, can be perceived by recipients as congruent with the company's abilities or not depending on the country in which they are advertised (Wang et al., 2022). Against this background, the results of subsequent research identifying the impact of differences between countries, e.g. differences in national culture or economic richness, on student preferences and their assessment of employee value proposition – are equally interesting (Christiaans, 2013).

Summarizing, it can be said that EB, like MSD considered in the pre-vious chapter, can use various concepts, activities, methods, techniques, and instruments that are applied in other HRM subfunctions. However, based on the author's earlier definition (c.f. Stor, 2018:165), in this monograph, it is assumed that employer branding, also called employer brand manage-ment, is a set of activities the organization undertakes with the intention of promoting, distinguishing, and preserving its image on the internal and external labor market as an attractive and preferred employer, and thus, focused on current and potential employees to acquire and retain the right people in the organization, thanks to whom the organization is able to realize its goals and strategies. The idea is to become an employer of choice. And in the conceptual development undertaken in this monograph for research purposes, EB covers 19 components, which are listed in Table 8.1. To assess their internal consistency within the questionnaire on EB, Cronbach's alpha, as a measure, was used. The reliability analysis covered 17 five-point scale items (components of EB, as shown in Table 8.1.). Cronbach's alpha showed the questionnaire to reach very good reliability, $\alpha = 0.849$. All items appeared to be worthy of retention, resulting in a decrease in the alpha if deleted.

8.2 The advancement level of the practices applied in employer branding

The overall mean value of the advancement level of EB in the research sample is relatively high. It falls close to 4 ($\overline{x_{EB}} = 3,73$) on the five-degree measurement scale, which is presented at the bottom of Table 8.1. It is

Table 8.1 The ranking of the mean values of the advancement levels of particular components of EB

No.	Components of employer branding	Mean ($\bar{x}$)
1.	Making efforts to be an employer of choice	4,20
2.	Employee derecruitment tools (from the procedure for dismissing employees for reasons dependent on them, to the procedure for conducting individual and group dismissal for the reasons assigned to the employer)	3,97
3.	Information on the company's vision, mission, value, and goals on the organization's website	3,82
4.	Thoughtful actions aimed at attracting and retaining talents in the organization	3,78
5.	Open and coherent communication with employees	3,78
6.	Measurement of the company's attractiveness as an employer	3,77
7.	Shaping inspirational leadership among managerial staff	3,74
8.	Shaping a culture promoting improvement and development	3,74
9.	Flexible and innovative employee benefits	3,73
10.	Implementation of solutions in the field of social responsibility of the enterprise	3,72
11.	Clear, explicit, and unambiguous expectations for the results of the work	3,71
12.	Talent development programs	3,68
13.	System solutions in the field of granting powers, responsibility as part of the job description and place in the organizational structure	3,68
14.	Exit interview with a leaving employee conducted by a supervisor and/or employee of the HR department	3,66
15.	Identification of employees' needs and expectations (from individual conversations or discussions during meetings with employees, to systemic examination of employee satisfaction)	3,64
16.	Caring for the physical attractiveness of the workplace	3,64
17.	Actions at universities: job fair, lectures, presentations, meetings with students, webinars, video seminars, leaflets, brochures, posters	3,58
18.	Conflict resolution (from ad hoc activities in organizational units and task or project teams, to systemic solutions in the field of reporting individual and team problems in the company, including those resulting from the overlapping of responsibility, authority, liability)	3,56
19.	Using new technologies to create the desired employer brand (e.g. Google, Bing, LinkedIn, Facebook, Twitter)	3,50
Overall mean ($\overline{\mathbf{x}_{\mathbf{ED}}}$)		**3,73**

Source: Own research data.
The evaluation scale for advancement level.
Comparison to the general trends based on the best worldwide practices:
1 – very low; **2** – low; **3** – average; **4** – high; **5** – very high.

exactly the same as in the cases of MED and MSD presented in the previous chapters.

The ranking in this table also shows that making efforts to be an employer of choice is a component of EB that reaches the highest mean value

of $\bar{x} = 4{,}20$. The second position is occupied by employee derecruitment tools (from the procedure for dismissing employees for reasons dependent on them, to the procedure for conducting individual and group dismissal for the reasons assigned to the employer) ($\bar{x} = 3{,}97$), and the third is held is by the company's information on the vision, mission, value, and goals on the organization's website ($\bar{x} = 3{,}82$).

The analysis of the collected data by the percentage share of responses leads to the conclusion that not more than 2,5% of MNCs evaluate the advancement level of EB as low or very low. In most cases, the rating range is between average and high. But within each component, there are also several responses indicating a very high rate, and making efforts to be an employer of choice is even appraised as very high by 30% of respondents.

When business strategies are considered, the advancement level of EB is appraised a little lower in the MNCs applying growth strategies (N = 168; $\bar{x} = 3{,}75$), with comparison to the organizations realizing simultaneously growth & stability strategies (N = 45; $\bar{x} = 3{,}83$). The lowest rating is obtained in companies with stability & retrenchment strategies (N = 32; $\bar{x} = 3{,}72$). This may suggest that in organizations not oriented toward business extension or forced to reduce their businesses, the advancement level of EB doesn't constitute their primary subject of interest. This may be because the activities associated with creating or strengthening company's attractiveness as an employer in this type of organizations are not usually directed to both external and internal recipients with the same intensity as in the organizations focusing on growth.

The statistical analysis also included the identification of the potential relationships between the selected variables characterizing the MNCs and the advancement level of EB. It showed that this level is positively correlated with the company's size (r = 0,30, at p = 0.000) and period of its operation (r = 0,41, at p = 0.000) and negatively correlated the ownership share of the HQs in their foreign subsidiaries (r = −0,17, at p = 0.017). It means that the larger the company, the longer it operates on the market, and the smaller its ownership share in the foreign subsidiary, the higher the advancement level of EB. However, the analysis didn't reveal any statistically significant correlations between the advancement level of EB and such variables as the company's type of business activity, internationalization index (II), geographical spread index (GSI), number of total and foreign entities, and number of host countries.

8.3 The contributive role of employer branding in the organizational performance

Based on the five-degree measurement scale (1 – not important; 2 – slightly important; 3 – important; 4 – very important; 5 – of critical significance), the significance of employer branding to the company's performance results reached the highest mean value in the MNCs that applied a combination of

stability & retrenchment business strategies (N = 32; $\bar{x}$ = 4,15). This is interesting because it is the same type of organization in which the advancement level of this HRM subfunction was identified as the lowest in the previous subchapter. As far as the other organizations are concerned, EB contribution to the business performance is appraised slightly higher in the MNCs that applied a combination of growth & stability strategies (N = 45; $\bar{x}$ = 3,40) with comparison to those realizing growth strategies (N = 168; $\bar{x}$ = 3,39). So, it means that the contributive role of EB is perceived as important. The mean for the entire sample of MNCs is $\overline{x_{EB}}$ = 3,51.

As for the structure of evaluations of EB contribution to the company's performance results, none of the MNCs considered this contribution as unimportant or slightly important. For 36% of them, it was important, for 51,5% very important, and for 12,5%, of critical significance.

When the structure of the evaluations is analyzed by the business strategies, the distribution of ratings looks very similar for all the companies realizing growth strategies and a combination of growth & stability strategies. The prevailing rate is 4 (very important; indicated approximately by 50% of MNCs). In the companies that applied a combination of stability & retrenchment strategies, the prevailing rate is 5 (of critical importance, indicated by 50% of MNCs). This highest note was granted only by 6% of companies applying growth strategies and by 7% of those implementing a combination of growth & stability strategies.

In the next stage, the data were analyzed with regard to the identification of relationships between the significance of EB to the MNCs' performance results and the selected variables characterizing these organizations. However, only positive correlation has been found with the ownership share of the HQs in their foreign subsidiaries (r = 0,48, at p = 0.000). It means that the bigger the ownership share of the HQ in their foreign subsidiary, the bigger the evaluation of EB contribution to the company's performance results. No significant correlations have been identified between the contribution level of EB and other variables, i.e. with the type of business activity, the company's size, period of its operation, internationalization index (II), geographical spread index (GSI), and the numbers of total and foreign entities and the number of host countries.

8.4 The relationships between the HQ and LS within the scope of employer branding

In the overwhelming majority of the companies under study, the role of MNCs' headquarters at the foreign-entity level is relatively strong. Some 78,5% of them provide the detailed policies, procedures, and rules to their local subsidiaries, and the centralized decision making with tight control over realization is preferred by 4% of respondents. In 14,5% of them, the role of the headquarters is based on providing the general guidelines and framework to be implemented by their local subsidiaries. The

noninterventionist approach relying on decentralization of decisions at the local subsidiaries' level and granting them autonomy is practiced in only 3% of organizations. As a result, the average level of centralization for the entire research sample is $\overline{x_{MSD}}$ = 2,45 on the four-degree measurement scale where 1 means decentralization and 4 centralization. It is the lowest level of centralization among all HRM subfunctions discussed so far in the monograph.

When the directions of knowledge & skills flows within EB are considered, it is apparent that the flow from the HQs to the local subsidiary is of higher significance ($\bar{x}$ = 3,51) than the flow in the opposite direction ($\bar{x}$ = 3,28). Anyway, as the five-degree scale was used (1 − not important; 2 − slightly important; 3 − moderately important; 4 − important; 5 − very important), it can be said that the flows to the local subsidiaries are important and to the HQ moderately important. This conclusion is based not only on the average mean but also on the analysis of evaluation structure. The value of 4 is chosen by approximately 60% of MNCs in the case of flows to local subsidiaries, and by approximately 45% in the case of flows in the reverse direction. Additionally, the value of 5 is indicated by 9% in the first group of companies, while in the second group, only by 1,5%. Interestingly, none of the MNCs reports the direction from the HQ to local subsidiary as being unimportant or slightly important, and in the case of the opposite direction, only 2% treats it as slightly important but none as unimportant.

Although the internal correlations between variables describing EB are considered in the next subchapter, it is worth paying attention here to those that determine − according the title of this subchapter − the relationships between the HQ and LS within the scope of EB. A series of several correlation tests have been performed, and the results (see Table 8.3.) show that there are no statistically significant correlations between the advancement level of EB and its contribution level, centralization level, and both directions of knowledge & skills flows. However, the contribution level of EB is positively correlated with the knowledge & skills flows from the HQ to the local subsidiary (r = 0,40, at p < 0.001) and both directions of the knowledge & skills flows are mutually correlated (r = 0,27, at p < 0.001). Additionally, one positive, statistically significant relationship has been found between the centralization level of EB and the knowledge & skills flows from the local subsidiary to the HQ (r = 0,23, at p < 0.01).

In the subsequent correlation tests, no statistically significant correlations were found between the centralization level of MSD with such variables describing MNCS as the type of business activity, the company's size, internationalization index (II), and number of total and foreign entities. Four identified correlations are negative, and they refer to the relationships with the period of operation on the market (r = −0,23, at p = 0.001), the ownership share of the HQs in their foreign subsidiaries (r = −0,14, at p =

0.050), geographical spread index (GSI) ($r = -0,15$, at $p = 0.036$), and the number of host countries ($r = -0,19$, at $p = 0.008$). So, it means the shorter the period of operation on the market, the smaller the ownership share of the HQs in their foreign subsidiaries, the smaller the GSI, and the smaller the number of host countries, the higher the centralization level of EB.

As for the knowledge & skills flows, the direction from the HQ is correlated positively with the ownership share of the HQs in their foreign subsidiaries ($r = 0,29$, at $p = 0.000$). The interpretation is that the bigger the ownership share of the HQs in their foreign subsidiaries, the more important the knowledge & skills flows from the HQS to the local subsidiaries. And because the flows in the opposite direction are negatively correlated with the number of host countries ($r = -0,15$, at $p = 0.029$), the interpretation is that the smaller of host countries, the more important the knowledge & skills flows from the LS to the HQ.

8.5 The internal correlations between the variables describing employer branding

The analysis of internal correlations between variables describing EB was preceded by a variable distribution analysis using the Kolmogorov–Smirnov (with Lilliefors correction) and the Shapiro-Wilk normality tests. The results of these tests revealed that none of the variables had normal distribution (see Table 8.2.).

Due to the relative lack of normality distributions of the tested variables, it was decided to perform non-parametric analysis. Therefore, to verify the interrelationship between the variables under study, a series of correlation analyzes was made by Spearman's method. The outcomes are presented in Table 8.3. As in the case of HRM subfunctions, discussed in the previous chapters, seven variables describe EB, and each of them can be correlated with six other variables in row ($\Sigma r_{Max-row} = 6$) at the potential degree up to $r = 1.00$, and which gives total of $\Sigma r_{Max-total} = 42$.

None of the research variables reaches the highest possible number of $\Sigma r_{Max-total}$ in the entire research sample. The highest score of $\Sigma r_{Max-row} = 5$ is achieved by HF-employees with the range of values between $r = .21$ ($p < ,01$) and $r = .38$ ($p < ,001$). It's worth noticing that the strongest correlation within this interval is with HF-managers. At the same time, the strength of this correlation is on the second place in the whole pool of correlations. The first place belongs to the correlation between the knowledge & skills transfer from the HQ and the contribution level of EB ($r = .40$; $p < ,001$).

To sum up, the number of correlations obtained in the entire research sample is 16 out of 42 possible ($\approx38\%$), and when it comes to the value of correlation coefficient, the lowest is $r = .15$ ($p < ,05$), and the highest is $r = .40$ ($p < ,001$), so they range from rather weak to moderate.

Table 8.2 The results of normality tests and descriptive statistics for the variables describing EB

Variables	KS	p for KS	SW	p for SW	M	SD	SE	MIN	MAX
Advancement level of EB	0.12	<0.01	0.96	<0.001	3.73	0.33	0.02	2.37	4.79
Contribution level of EB	0.30	<0.01	0.80	<0.001	3.51	0.55	0.04	2.50	5.00
Centralization of EB	0.37	<0.01	0.75	<0.001	2.45	0.46	0.03	1.00	4.00
Knowledge & skills transfer from the HQ	0.24	<0.01	0.86	<0.001	3.51	0.50	0.04	2.50	5.00
Knowledge & skills transfer to the HQ	0.24	<0.01	0.83	<0.001	3.28	0.43	0.03	1.50	5.00
Human factor –employees	0.34	<0.01	0.73	<0.001	3.40	0.56	0.04	2.00	5.00
Human factor –managers	0.35	<0.01	0.73	<0.001	3.37	0.56	0.04	2.00	5.00

Source: Own research data.

Legend: KS – Kolmogorov–Smirnov test; SW – Shapiro – Wilk test; M – arithmetic mean; SD – standard deviation; SEM – standard error mean; MIN – minimum value; MAX – maximum value.

Table 8.3 The correlation matrix of the variables describing EB and human factor

Variables	Advancement level of EB	Contribution level of EB	Knowledge & skills transfer to the HQ	Knowledge & skills transfer from the HQ	Centralization of EB	Human factor – employees	Human factor – managers	No. of sig. r [$\Sigma r_{Max\text{-}row}$ = 6; $\Sigma r_{Max\text{-}total}$ = 42]
Advancement level of EB	–	–0.06	0.10	0.10	–0.06	–0.10	–0.02	**0**
Contribution level of EB	–0.06	–	0.06	**0.40*****	–0.09	**0.21****	0.11	**2**
Knowledge & skills transfer to the HQ	0.10	0.06	–	**0.27*****	**0.23****	**0.18***	0.06	**3**
Knowledge & skills transfer from the HQ	0.10	**0.40*****	**0.27*****	–	0.03	**0.24*****	0.04	**3**
Centralization of EB	–0.06	–0.09	**0.23****	0.03	–	**0.15***	0.08	**2**
Human factor – employees	–0.10	**0.21****	**0.18***	**0.24*****	**0.15***	–	**0.38*****	**5**
Human factor – managers	–0.02	0.11	0.06	0.04	0.08	**0.38*****	–	**1**
No. of sig. r [$\Sigma r_{Max\text{-}row}$ = 6; $\Sigma r_{Max\text{-}total}$ = 42]	**0**	**2**	**3**	**3**	**2**	**5**	**1**	**16**

Source: Own research data.

Notes
* Spearman's r significant at p < ,05.
** Spearman's r significant at p < ,01.
*** Spearman's r significant at p < ,001.

8.6 The impact of employer branding on the company's performance results – The assessment of the reflective models

8.6.1 The primary findings for all models of employer branding

According to the assumptions adopted in Chapter 2, five reflective measurement models for EB were built, i.e. four with particular types of company's performance results (i.e. in finance, quality, innovativeness, and HRM, respectively) and one comprehensive model with all performance results. However, before assessing these models, a correlation analysis by Spearman's method was carried out to verify the relationships between the major variables under study. As shown in Table 8.4 the company's performance results in finance are positively correlated with the centralization level of EB ($r = .17$; $p = ,07$) and negatively with the contribution level of EB ($r = −.23$; $p < ,01$) and the knowledge & skills transfer from the HQ ($r = −.14$; $p < ,05$). The results in quality are positively correlated with the contribution level of EB ($r = .37$; $p < ,001$), the knowledge & skills transfer from the HQ ($r = .37$; $p < ,001$), and HF-employees ($r = .18$; $p < ,05$). The results in innovativeness are positively correlated with the contribution level of EB ($r = .25$; $p < ,001$), and with the knowledge & skills flows to the HQ ($r = .22$; $p < ,01$) and from the HQ ($r = .31$; $p < ,001$). The results in HRM are positively correlated with the knowledge & skills flows to the HQ ($r = .20$; $p < ,01$), the centralization level of EB ($r = .16$; $p < ,05$), and HF-employees ($r = .17$; $p < ,05$).

The assessment results of the five reflective measurement models for EB are presented in Table 8.5. All models meet the required criteria of assessment (*c.f.* Garson, 2016; Hair et al., 2022), although the models with results in finance and HRM is at the limit of acceptance in the scope of NLBCDR criterion (*c.f.* Garson, 2016; Hair et al., 2022).

As with other models for a single HRM subfunction, here also the values of paths of four variables are common for all reflective measurement models for EB, regardless of the type of company's performance results. The four variables are: the centralization level, the advancement level, and transfer of knowledge & skills from the HQ and to the HQ. The summary of their path analysis conducted in in SEM-PLS is presented in Table 8.6.

Therefore, based on this summary, we can say that in each of the five measurement models for EB, the centralization level of EB directly and negatively affect its advancement level ($\beta = −.15$; $p = 0.018$) but positively affect the knowledge & skills transfer from the LS to the HQ. No other direct impacts have been identified. Furthermore, none of the directions of knowledge & skills flows mediates the relationships between the centralization level and the advancement level of EB. This leads to the confirmation of only one research hypothesis, i.e. H1.

Table 8.4 The results of a correlation test for the variables describing EB, human factor and company performance results

Variables		Company performance results			
		Finance	*Quality*	*Innovativeness*	*HRM*
Characteristics of EB	**Advancement level**	0.07	−0.05	0.04	0.12
	Contribution level	**−0.23****	**0.37*****	**0.25*****	0.04
	Knowledge & skills transfer to the HQ	0.09	0.10	**0.22****	**0.20****
	Knowledge & skills transfer from the HQ	**−0.14***	**0.37*****	**0.31*****	0.08
	Centralization level	**0.17***	0.07	0.11	**0.16***
Human factor	**Employees**	0.06	**0.18***	0.06	**0.17***
	Managers	0.02	0.09	−0.01	0.09

Source: Own research data.

Notes
* Spearman's r significant at p < ,05.
** Spearman's r significant at p < ,01.
*** Spearman's r significant at p < ,001.

Table 8.5 The assessment results of the reflective measurement models for EB

Criteria of assessment	EB models by company performance results				
	Finance	Quality	Innovativeness	HRM	All
AVIF (acceptable if ≤ 5, ideally ≤ 3.3)	1.055	1.042	1.036	1.036	1.200
GoF (small ≥ 0.1, medium ≥ 0.25, large ≥ 0.36)	0.160	0.219	0.148	0.136	0.219
SPR (acceptable if ≥ 0.7, ideally = 1)	0.917	0.917	1.000	1.000	0.875
RSCR (acceptable if ≥ 0.9, ideally = 1)	0.998	0.999	1.000	1.000	0.987
SSR (acceptable if ≥ 0.7)	0.750	0.750	0.917	0.917	0.708
NLBCDR (acceptable if ≥ 0.7)	0.667	0.750	0.750	0.542	0.729

Source: Own research data.

Table 8.6 Path analysis summary in SEM-PLS for variables with common values in all EB models

Variables: Relationships in paths	β − Path coefficient	p-value	Std. error	T ratios
Centralization level → Transfer to the HQ	0.240	<0.001	0.068	3.550
Centralization level → Transfer from the HQ	0.030	0.335	0.070	0.428
Centralization level → Advancement level	−0.146	0.018	0.069	−2.117
Transfer to the HQ → Advancement level	0.107	0.063	0.069	1.540
Transfer from the HQ → Advancement level	0.015	0.418	0.071	0.207

Source: Own research data.

8.6.2 *The reflective measurement model for employer branding with results in finance*

The explanatory capability and the predictive relevance value of the reflective measurement model for the latent variable EB with results in finance have not been identified (see Table 8.7). The variation of variables in the performance results in finance has not been identified either.

The path analysis for the latent variable EB reveals that its advancement level has a direct effect on two of its indicators, i.e. positive on the company's performance results in finance (β = .17; p < 0.007) and negative on the evaluation of HF-employees (β = −.13; p = 0.028). At the same time, the company's performance results in finance impact directly and negatively on the evaluation of the contribution level of EB to these results (see Table 8.8).

Table 8.7 Latent variable coefficients for EB and performance in finance: Explanatory capability and in-sample predictive power

Coefficient	Knowledge & skills transfer to the HQ	Knowledge & skills transfer from the HQ	Advancement level of EB	Contribution level of EB	Human factor – employees	Human factor – managers	Performance results in finance
R²	0.057	0.001	0.026	0.047	0.018	0.000	0.029
Q²	0.061	0.003	0.033	0.051	0.020	0.002	0.027

Source: Own research data.

Interpretation:

R² – The amount of variance explained in the construct (very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67).

Q² – The predictive capability based on blindfolding procedure (predictive relevance if > 0.00).

Table 8.8 Path analysis summary in SEM-PLS for EB and company performance in finance

Variables: Relationships in paths	*β – Path coefficient*	*p-value*	*Std. error*	*T ratios*
Advancement level → Performance results in finance	0.170	0.007	0.068	2.478
Advancement level → Contribution level	0.024	0.369	0.070	0.335
Advancement level → Human factor: employees	−0.133	0.028	0.069	−1.930
Advancement level → Human factor: managerial staff	0.006	0.467	0.071	0.083
Performance results in finance → Human factor: employees	0.059	0.201	0.070	0.838
Performance results in finance → Human factor: managerial staff	0.016	0.410	0.070	0.229
Performance results in finance → Contribution level	−0.219	<0.001	0.068	−3.236

Source: Own research data.
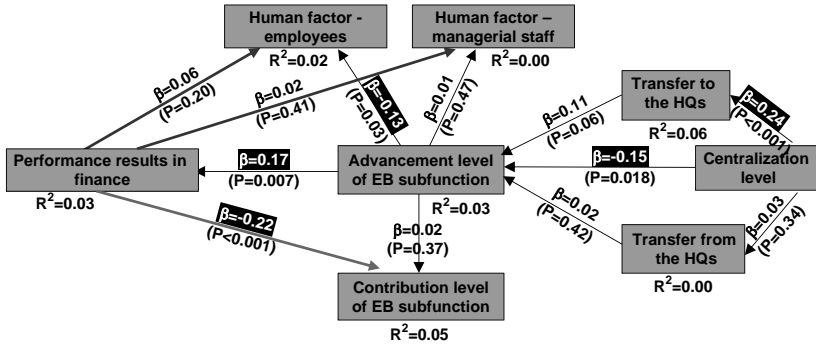
Figure 8.1 The reflective measurement model for a latent variable of employer branding (EB) with performance results in finance.

Source: Own research data.

Note: ■ – Statistically meaningful observations.

Figure 8.1 presents the empirical reflective measurement model for the latent variable of EB and the relationships verified through the path coefficients and their referred meanings. It's evident that, contrary to the adopted assumptions, the company's performance results in finance do not directly affect the appraisal of the human factor as the company's competitive factor, and they only directly but negatively affect the evaluation of the contribution level of EB to the company's financial performance. In consequence, it means they do not mediate the relationships between the advancement level of EB and the evaluation of human factor (both HF-employees and HF-managers). And as for the relation between the advancement level of EB and its contribution level, it is mediated negatively by the performance results in finance.

When verifying the specific research hypotheses developed for this model, we can say that four of them have been supported empirically. Namely, the advancement level of EB appears to impact directly and negatively on the evaluation of knowledge & skills of employees as a company's competitive human factor when the company's performance results in finance are considered in isolation from other types of performance results (H5A). The company's performance results in finance mediate negatively the relationships between the advancement level of EB and the evaluation of the contribution level of this HRM subfunction to these results (H10A). It is because the advancement level of EB positively affects the company's performance results in finance (H4), but these results impact directly and negatively on the contribution level of EB to these results (H7A). No other direct or mediating relationships have been found.

8.6.3 *The reflective measurement model for employer branding with results in quality*

The explanatory capability and the predictive relevance value of the reflective measurement model for the latent variable EB with results in quality have not been identified (see Table 8.9). The variation of variables in the performance results in finance has not been identified either. However, the variation of variables in the contribution level of EB and its predictive have been identified. It's explained in 19% ($R^2 = 0.19$), and the predictive relevance is identified is $Q^2 = 0.19$.

As for the direct impact of the latent variable EB in the model with results in quality on its reflective indicators, no such phenomenon has been identified. However, as shown in Table 8.10, the performance results in quality directly and positively affect the HF-employees ($\beta = 0.18$; p = 0.006) and the contribution level of EB to these results ($\beta = 0.43$; p < 0.001).

Figure 8.2 presents the research model for the latent variable of EB with a results in quality and the relationships verified through the path coefficients and their referred meanings. It's apparent that, contrary to the assumptions made, the evaluations of both knowledge & skills of employees and the managerial competencies are not under the direct and impact of the advancement level of EB. When it comes to the evaluation of the contribution level of EB to the company performance results in quality, it's under their direct and positive impact ($\beta = 0.43$; p < 0.001); however, it's not impacted directly by its own advancement level.

When verifying the specific research hypotheses developed for this model, we can say that only two of them have been supported empirically. Well, it turns out that the company's performance results in quality impact directly and positively on the contribution level of EB to these results (H7A) and on the evaluation the HF-employees (H8A for HF-employees).

8.6.4 *The reflective measurement model for employer branding with results in innovativeness*

The explanatory capability and the predictive relevance value of the reflective measurement model for the latent variable EB with results in innovativeness have not been identified (see Table 8.11). The variation of variables in the performance results in innovativeness has not been identified either.

As for the direct impact of the latent variable EB in the model with results in innovativeness on its reflective indicators, one such impact, although negative, has been identified, i.e. on the HF-employees ($\beta = -0.12$; p = 0.040). Moreover, as shown in Table 8.12, the performance results in innovativeness directly and positively affect the evaluation of the contribution level of EB ($\beta = 0.22$; p < 0.001).

Table 8.9 Latent variable coefficients for EB and performance in quality: explanatory capability and in–sample predictive power

Coefficient	Knowledge & skills transfer to the HQ	Knowledge & skills transfer from the HQ	Advancement level of EB	Contribution level of EB	Human factor – employees	Human factor – managers	Performance results in quality
R²	0.057	0.001	0.026	0.186	0.045	0.010	0.011
Q²	0.061	0.003	0.033	0.188	0.045	0.011	0.017

Source: Own research data.

Interpretation:

R^2 – The amount of variance explained in the construct (very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67).
Q^2 – The predictive capability based on blindfolding procedure (predictive relevance if > 0.00).

Table 8.10 Path analysis summary in SEM-PLS for EB and company performance in quality

Variables: Relationships in paths	*β – Path coefficient*	*p-value*	*Std. error*	*T ratios*
Advancement level → Performance results in quality	−0.103	0.069	0.069	−1.491
Advancement level → Contribution level	0.031	0.329	0.070	0.444
Advancement level → Human factor: employees	−0.105	0.066	0.069	−1.515
Advancement level → Human factor: managerial staff	0.019	0.395	0.070	0.266
Performance results in quality → Human factor: employees	0.175	0.006	0.065	2.554
Performance results in quality → Human factor: managerial staff	0.098	0.079	0.068	1.418
Performance results in quality → Contribution level	0.434	<0.001	0.069	6.665

Source: Own research data.
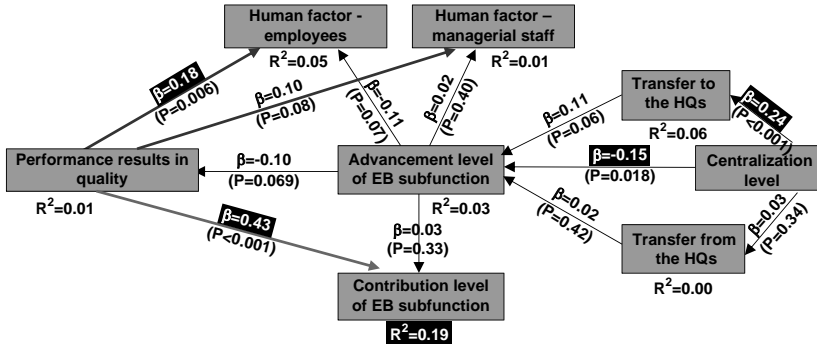
Figure 8.2 The reflective measurement model for a latent variable of employer branding (EB) with performance results in quality.

Source: Own research data.

Note: ▣ – Statistically meaningful observations.

Figure 8.3 presents the research model for the latent variable of EB with a results in innovativeness and the relationships verified through the path coefficients and their referred meanings. It's visible that, contrary to the assumptions made, the evaluations of both knowledge & skills of employees and the managerial competencies are not under the direct impact of the performance results in innovativeness. As for the advancement level of EB, it impacts only the HF-employees, and the impact is negative. When it comes to the evaluation of the contribution level of EB to the company performance results in innovativeness, it's under their direct and positive impact ($\beta = 0.22$; $p < 0.001$); however, it's not impacted directly by its own advancement level.

When verifying the specific research hypotheses developed for this model, we can say that two of them have been supported empirically. Well, it turns out that the advancement level of EB directly but negatively affects the HF-employees (H5A), and the results in innovativeness impact directly and positively on the contribution level of EB (H7A).

8.6.5 The reflective measurement model for employer branding with results in HRM

The explanatory capability and the predictive relevance value of the reflective measurement model for the latent variable EB with results in HRM have not been identified (see Table 8.13). The variation of variables in the performance results in innovativeness has not been identified either.

As for the direct impact of the latent variable EB in the model with results in HRM on its reflective indicators, one such impact, although negative, has been identified, i.e. on the HF-employees ($\beta = -0.13$; $p = 0.032$). Moreover,

Table 8.11 Latent variable coefficients for EB and performance in innovativeness: Explanatory capability and in-sample predictive power

Coefficient	Knowledge & skills transfer to the HQ	Knowledge & skills transfer from the HQ	Advancement level of EB	Contribution level of EB	Human factor – employees	Human factor – managers	Performance results in innovativeness
R^2	0.057	0.001	0.026	0.049	0.017	0.001	0.001
Q^2	0.061	0.003	0.033	0.055	0.017	0.003	0.007

Source: Own research data.

Interpretation:

R^2 – The amount of variance explained in the construct (very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67)

Q^2 – The predictive capability based on blindfolding procedure (predictive relevance if > 0.00)

Table 8.12 Path analysis summary in SEM-PLS for EB and company performance in innovativeness

Variables: Relationships in paths	β – Path coefficient	p-value	Std. error	T ratios
Advancement level → Performance results in innovativeness	−0.035	0.307	0.070	−0.504
Advancement level → Contribution level	−0.006	0.467	0.071	−0.082
Advancement level → Human factor: employees	−0.122	0.040	0.069	−1.762
Advancement level → Human factor: managerial staff	0.007	0.459	0.071	0.104
Performance results in innovativeness → Human factor: employees	0.039	0.290	0.070	0.554
Performance results in innovativeness → Human factor: managerial staff	−0.034	0.312	0.070	−0.490
Performance results in innovativeness → Contribution level	0.221	<0.001	0.068	3.264

Source: Own research data.
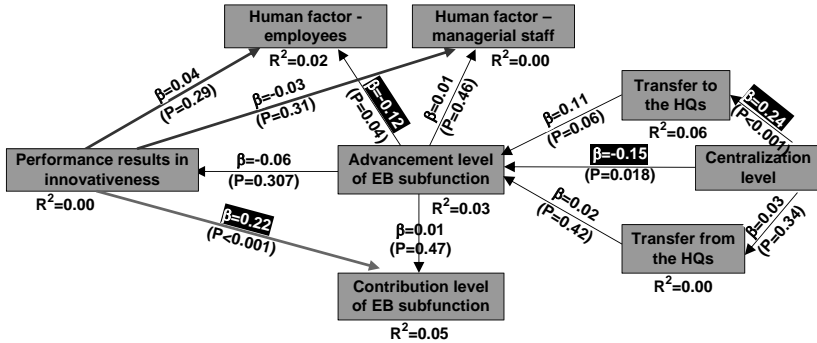
Figure 8.3 The reflective measurement model for a latent variable of employer branding
(EB) with performance results in innovativeness.

Source: Own research data.

Note: ■ – Statistically meaningful observations.

as shown in Table 8.14, the performance results in HRM impact directly and
positively on the HF-managers ($\beta = 0.15$; $p = 0.015$).

Figure 8.4 presents the research model for the latent variable of EB with
results in HRM and the relationships verified through the path coefficients
and their referred meanings. It's apparent that, contrary to the assumptions
made, from two categories of human factor as the company's competitive
factor, only the HF-employees is under a direct positive impact of the per-
formance results in HRM and the negative direct impact of the advancement
level of EB. When it comes to the evaluation of the contribution level of EB
to the company performance results in HRM, it is neither under the impact
of its won advancement level nor the performance results in HRM.

When verifying the specific research hypotheses developed for this
model, we can say that two of them have been supported empirically. Well,
it turns out that the advancement level of EB directly but negatively affects
the HF-employees (H5A) and the results in HRM directly and positively
affect HF-employees (H8A).

8.6.6 The comprehensive reflective measurement model for employer branding with all types of performance results

The comprehensive reflective measurement model for the latent variable
EB with all types of performance results has no explanatory or predictive
power for each of its assumed effect (reflective) indicators, i.e. the con-
tribution level of EB, both categories of human factor, and the company's
performance results. One statistically significant observation in this model
refers only to the contribution level of EB. Here the variation of variables is

Table 8.13 Latent variable coefficients for EB and performance in HRM: Explanatory capability and in–sample predictive power

Coefficient	Knowledge & skills transfer to the HQ	Knowledge & skills transfer from the HQ	Advancement level of EB	Contribution level of EB	Human factor – employees	Human factor – managers	Performance results in HRM
R²	0.057	0.001	0.026	0.001	0.038	0.005	0.001
Q²	0.061	0.003	0.033	0.006	0.039	0.006	0.003

Source: Own research data.

Interpretation:

R² – The amount of variance explained in the construct (very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67).

Q² – The predictive capability based on blindfolding procedure (predictive relevance if > 0.00).

Table 8.14 Path analysis summary in SEM-PLS for EB and company performance in HRM

Variables: Relationships in paths	*β – Path coefficient*	*p-value*	*Std. error*	*T ratios*
Advancement level → Performance results in HRM	0.038	0.294	0.070	0.542
Advancement level → Contribution level	–0.014	0.419	0.071	–0.204
Advancement level → Human factor: employees	–0.129	0.032	0.069	–1.867
Advancement level → Human factor: managerial staff	0.006	0.466	0.071	0.084
Performance results in HRM → Human factor: employees	0.150	0.015	0.069	2.178
Performance results in HRM → Human factor: managerial staff	0.069	0.163	0.070	0.985
Performance results in HRM → Contribution level	0.020	0.387	0.070	0.288

Source: Own research data.
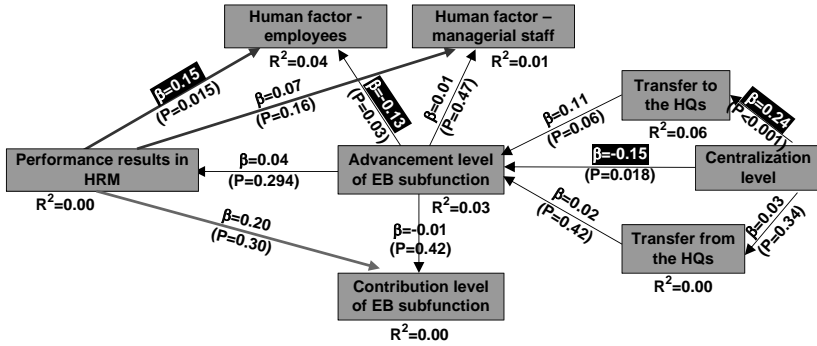
Figure 8.4 The reflective measurement model for a latent variable of employer branding (EB) with performance results in HRM.

Source: Own research data.

Note: ■ – Statistically meaningful observations.

Table 8.15 Latent variable coefficients for EB and all types of performance results: Explanatory capability and in-sample predictive power

Variable	Coefficient	
	R^2	Q^2
Knowledge & skills transfer to the HQ	0.057	0.061
Knowledge & skills transfer from the HQ	0.001	0.003
Advancement level of EB	0.026	0.033
Contribution level of EB	0.252	0.254
Human factor –employees	0.073	0.075
Human factor –managers	0.027	0.030
Performance results in finance	0.029	0.027
Performance results in quality	0.011	0.017
Performance results in innovativeness	0.001	0.007
Performance results in HRM	0.001	0.003

Source: Own research data.
Interpretation:
R^2 – The amount of variance explained in the construct (very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67).
Q^2 – The predictive capability based on blindfolding procedure (predictive relevance if > 0.00).

explained in 25% ($R^2 = 0.25$), and the predictive relevance is found as well ($Q^2 = 0.25$) (see Table 8.15).

In the case of the comprehensive reflective measurement model for the latent variable EB with all types of performance results, further analysis has revealed that this variable impacts on two of its reflective variables. It exerts a positive impact on the performance results in finance ($\beta = 0.17$; p = 0.007)

and negative on the HF-employees ($\beta = -0.13$; $p = 0.051$). As for the evaluation of the contribution level of EB, it is impacted by two types of the company's performance results, i.e. negatively by the results in finance ($\beta = -0.26$; $p < 0.001$) and positively by the results in quality ($\beta = 0.44$; $p < 0.001$). Table 8.16 shows the path analysis summary for EB and all types of company performance results.

Figure 8.5 presents the comprehensive research model for the latent variable of EB with all types of company's performance results verified through the path coefficients and their referred meanings. In this model, when the competitive human factor is considered, the knowledge & skills of employees is impacted by three types of the company's performance results and the managerial competencies by two. As for the HF-employees, on one side, this variable is under a positive impact of performance results in quality ($\beta = 0.21$; $p = 0.001$) and in HRM ($\beta = 0.17$; $p = 0.007$), and on the other side, it's under a negative impact of performance results in innovativeness ($\beta = -0.12$; $p = 0.045$). As far as HF-managers is considered, it is under a positive impact of the performance results in quality ($\beta = 0.15$; $p = 0.015$) and negative of results in innovativeness ($\beta = -0.14$; $p = 0.021$). When it comes to the evaluation of the contribution level of EB to the company overall performance results, it is under a negative impact of the performance results in finance ($\beta = -0.26$; $p < 0.001$) and positive of the results in quality ($\beta = 0.44$; $p < 0.001$).

When it comes to verifying the hypotheses developed for this model (which covers all types of the company's performance results), 11 of them have been confirmed, and among them, one concerns the negative mediation effect. This hypothesis states that the company's performance results in finance mediate negatively the relationships between the advancement level of EB and the evaluation of the contribution level of this HRM subfunction to the company's performance results (H10B for finance). It's based on a positive verification of the hypotheses in which the direct and positive effect of the advancement level of EB on the company's performance results in finance (H4 for finance) and the direct negative effect of the performance results in finance on the contribution level of EB (H7B for quality) are confirmed.

Among the remaining empirically supported hypotheses, one refers to the advancement level of EB and its negative direct impact on the on the evaluation of knowledge & skills of employees as a company's competitive human factor (H5B for HF-employees), and one to the positive direct impact of the company's performance results in quality on the evaluation of the contribution level of EB to these results (H7B for quality). Three others concern the evaluation of knowledge & skills of employees, which is under the negative direct impact of the performance results in innovativeness (H8B for innovativeness and HF-employees) and positive impacts of both the performance results in quality (H8B for quality and HF-employees) and in HRM (H8B for HRM and HF-employees). And the last two positively verified hypotheses describe the positive direct impact of the company's

Table 8.16 Path analysis summary in SEM-PLS for EB and all types of company performance results

Variables: Relationships in paths	β – Path coefficient	p-value	Std. error	T ratios
Advancement level → Performance results in finance	0.170	0.007	0.068	2.478
Advancement level → Performance results in quality	−0.103	0.069	0.069	−1.491
Advancement level → Performance results in innovativeness	−0.035	0.307	0.070	−0.504
Advancement level → Performance results in HRM	0.038	0.294	0.070	0.542
Advancement level → Contribution level	0.077	0.137	0.070	1.099
Advancement level → Human factor: employees	−0.114	0.051	0.069	−1.646
Advancement level → Human factor: managerial staff	0.017	0.403	0.070	0.245
Performance results in finance → Human factor: employees	0.010	0.445	0.071	0.140
Performance results in quality → Human factor: employees	0.208	0.001	0.068	3.065
Performance results in innovativeness → Human factor: employees	−0.118	0.045	0.069	−1.703
Performance results in HRM → Human factor: employees	0.170	0.007	0.068	2.483
Performance results in finance → Human factor: managerial staff	−0.013	0.426	0.071	−0.186
Performance results in quality → Human factor: managerial staff	0.151	0.015	0.069	2.198
Performance results in innovativeness → Human factor: managerial staff	−0.142	0.021	0.069	−2.057
Performance results in HRM → Human factor: managerial staff	0.109	0.059	0.069	1.574
Performance results in finance → Contribution level	−0.262	<0.001	0.067	−3.890
Performance results in quality → Contribution level	0.438	<0.001	0.065	6.734
Performance results in innovativeness → Contribution level	0.035	0.311	0.070	0.494
Performance results in HRM → Contribution level	0.017	0.404	0.070	0.243

Source: Own research data.
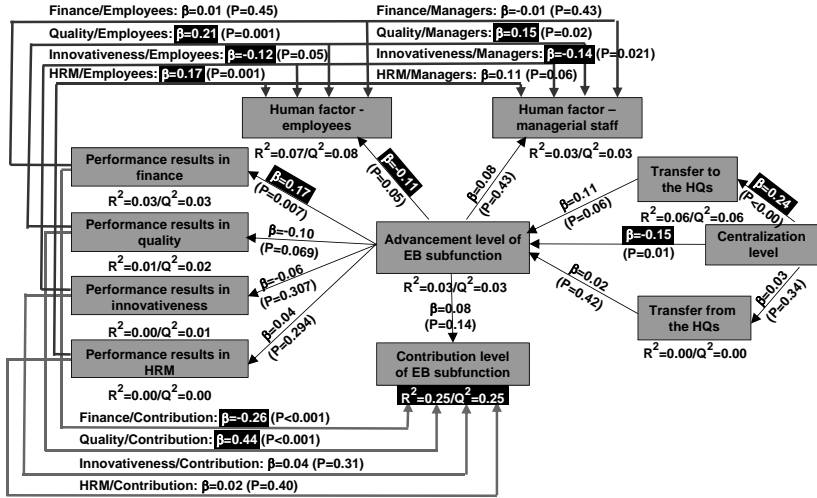
Figure 8.5 The comprehensive reflective measurement model for a latent variable of EB with all performance results.

Source: Own research data.

Note: ■ – Statistically meaningful observations.

performance results in quality (H8B for quality and HF-managers) and negative impact of the performance results in innovativeness (H8B for quality and HF-managers) on the evaluation of managerial competencies a company's competitive human factor.

8.7 A concise summary of the research findings in the scope of employer branding

Employer branding (EB), sometimes called employer brand management, is the response of enterprises to competitive labor markets, and recently, to the intensification of the phenomena of quiet quitting explained in Chapter 4 and the Great Resignation of employees discussed in Chapter 6. Its general concept is based on the alignment of HRM and marketing practices for gaining a competitive advantage. It may be even treated as an area of strategic HRM toward which organizations can formulate their own strategies in connection with business strategies.

Employer brand and employer branding are not the same things. The employer brand can be defined as the employment offer, often referred to as the employee value proposition, which covers functional, economic, and psychological benefits provided by the employer, whereas employer branding is the process of building a differentiated brand identity as an employer by attracting, motivating, and retaining employees. This process

involves the development of an employment value proposition and the marketing of that proposition, and it can be considered as having an internal and external perspective. The external employer brand refers to the employer image, or the mental representations individuals have of the organization as an employer, while identity is what the insiders, i.e. employees, perceive to be the company's stable and persistent core.

EB can use various concepts, activities, methods, techniques, and instruments that are applied in other HRM subfunctions. However, it can be assumed that is a set of activities the organization undertakes with the intention of promoting, distinguishing, and preserving its image on the internal and external labor market as an attractive and preferred employer, and thus, focused on current and potential employees to acquire and retain the right people in the organization, thanks to whom the organization is able to realize its goals and strategies. The idea is to become an employer of choice. For this reason, this chapter adopted a comprehensive approach to EB, which includes various activities comprising other subfunctions of HRM. In the conceptual development undertaken in this monograph for research purposes, EB covers 19 components, which are listed in Table 8.1.

Summarizing the most important research findings presented in this chapter, it is worth recalling at the outset that the overall mean value of the advancement level of EB in the research sample is relatively high. Moreover, the advancement levels of particular components are evaluated in a similar way – close to high and sometimes even slightly above high. When business strategies are considered, the advancement level of EB is appraised a little lower in the MNCs applying growth strategies with comparison to the organizations realizing simultaneously growth & stability strategies. The lowest rating is obtained in companies with stability & retrenchment strategies. This may suggest that in organizations not oriented toward business extension or forced to reduce their businesses, the advancement level of EB doesn't constitute their primary subject of interest. This may be because the activities associated with creating or strengthening company's attractiveness as an employer in this type of organization are not usually directed to both external and internal recipients with the same intensity as in the organizations focusing on growth. As for the contribution of EB to the business–performance results, it is appraised slightly higher in the MNCs that applied a combination of growth & stability strategies with comparison to those realizing growth strategies. But the highest note is achieved in the organizations following a combination of stability & retrenchment strategies.

The role of MNCs' headquarters at the foreign-entity level is relatively strong. In the overwhelming majority of the companies, it relies on providing the detailed policies, procedures, and rules from the HQ to the local subsidiaries. It can be said that EB shows more centralization than decentralization features; however, it is the lowest level of centralization among all HRM subfunctions discussed in the monograph. As for the directions of

knowledge & skills flows within EB, it is apparent that the flow from the HQs to the local subsidiary is of a little higher significance than the flow in the opposite direction. Anyway, both of these directions are thought to be important in their average meaning.

With regard to the five reflective measurement models developed for the latent variable MSD, generally, they meet the assessment criteria, although it should definitely be emphasized that the models with results in finance and HRM are slightly below the limit of acceptance in the scope of NLBCDR criterion. Furthermore, none of the five models has explanatory nor predictive power. In each of them, the centralization level of EB has negative direct effect on its advancement level. This relationship is not mediated by any of the directions of the flow of knowledge. Moreover, the advancement level of EB is not under the impact of any of the knowledge & skills transfers.

The advancement level of EB positively and directly affects only the company's performance results in finance. This may suggest that the content and configuration of particular components of EB, together with their advancement levels, are not properly tailored with the other activities composing HRM function and with the company's measures in other types of performance, or there is a gap between what is expected from EB and in what way the practices used in it are associated with expectations in terms of other performance results. This may also suggest that EB does not support appropriately both managerial and employee engagement in quality and innovativeness. However, as mentioned in the previous chapters, remember that such an interpretation is limited because it is based on *ceteris paribus*, and yet there may be many other variables that shape the examined fragment of organizational reality. But from the managerial perspective, such research findings seem to be important. They show that there is some potential in EB, which organizations can use if they make HRM function more coherent and adapt the concept and construction of EB not only to their business goals and strategies, but also to their current and potential employees as the recipients of EB activities.

A juxtaposition of the data on the strategies used by the MNCs with the evaluation of the contribution level of EB to the company's performance results leads to some additional conclusions. Namely, the research shows that the contribution level of EB is evaluated lower in the organizations that apply growth strategies and a combination of growth & stability strategies when compared to the organizations following stability & retrenchment business strategies. These research findings are very similar to the regularities identified in the case of MED and MSD presented in the previous chapters. And just like there, when compared to the evaluation of the contribution level of STO discussed in Chapter 3, here the situation is different. In the case of STO, the contribution level of this HRM subfunctions reached the lowest score in companies realizing stability & retrenchment strategies. This may mean that for the organizations that want to maintain their current position, even by reducing business activities, EB

is perceived as a good tool enabling the implementation of set goals and strategies. It is worth noting, however, that while the previous chapter said that such a conclusion may be also confirmed by the fact that performance results in quality and HRM mediate positively the relationships between the advancement level of MSD and contribution level of MSD, it is impossible to repeat it here. This is because none of these phenomena has been identified in the case of EB. But again, as the research data were collected at the HQs, this may suggest that the managerial staff at the HQs assess the strength of EB contribution to company's performance through the prism of the results in finance and other activities taken within HRM subfunction.

With regard to the human factor, it's evaluation as a company's competitive factor, in both categories (non-managerial and managerial), is affected positively by the performance results in quality and negatively by the performance results in innovativeness in the comprehensive model in which four types of results are simultaneously considered. The HF-employees alone is also under the positive direct impact of the performance results in quality and HRM in the models in which these results are considered in isolation from other types of results. Additionally, the performance results in HRM impact this category of human factor in the model with all types of performance results. However, no impacts of the performance results on the managerial competencies as a company's competitive factor have been identified. Furthermore, the advancement level of EB impacts negatively on the knowledge & skills of employees in four models of EB: with results in finance, with results in innovativeness, with results in HRM and with all performance results.

Finally, it can be summarized that the latent variable EB in the comprehensive model with all types of performance results turns out to be a good predictor only for two reflective variables, i.e. the knowledge & skills of employees as a company's competitive factor and the performance results in finanace.

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9 Research Summary and Final Conclusions

9.1 The relationships between two sets of variables: Characterizing MNCs and describing the effects of the HRM subfunctions

9.1.1 The results obtained in response to the research questions

The main goal of the empirical research in this monograph was to identify, analyze, diagnose and predict the relationships between the selected variables describing MNCs and the selected variables describing the effects of the advancement levels of HRM subfunctions on the evaluation of their contributive roles in the company's performance results, the factual company's performance results themselves, and the human factor as a competitive factor. This main goal was disaggregated into four basic subgoals. Against the background of the presented research findings, we can conclude that this goal has been achieved. To support the attainment of this goal, it was disaggregated into four basic subgoals, which can also be recognized as achieved. This subchapter focuses on the first goal, and the next part on the other goals.

The first research subgoal was to select the variables describing MNCs, which are important due to the main research problem, and to establish their relationships with the variables describing the effects of the HRM subfunctions. As a result of the literature review, a decision was made to consider the following **variables characterizing MNC**: the type of company's business activity, the company's size measured by the number of employees, the period of the company's operation on the market, the type of FDI investment (however excluded from the advanced as the research sample was nearly homogeneous in this respect), the ownership share of the HQ in its foreign subsidiary, the internationalization index (II), the geographical spread index (GSI), the number of total and foreign entities, and the number of host countries. Simultaneously, the following **variables describing the effects of the HRM subfunctions** were selected: the advancement level of HRM subfunction, the company's performance results, the contribution level of HRM subfunction to the company's performance results, the human factor as a company's competitive factor in two of its categories, i.e. knowledge &

skills of employees (HF-employees) and managerial competencies (HF-managers), the centralization level of HRM subfunction, the knowledge & skills flows in two of its directions, i.e. from the HQ to the local subsidiary and from the local subsidiary to the HQ.

To achieve the first subgoal of the empirical research, five research questions were formulated. Here are the answers to these questions.

- **Research question 1.** *How is the human factor in its two categories (i.e. HR-employees and HF-managers) evaluated as a company's competitive factor due to the company's performance results and the eight most important variables characterizing MNC?*

There have been seven company competitive factors benchmarked by the respondents with regard to their main competitors on the market, i.e. financial resources, human capital (knowledge & skills of employees), human capital (managerial competencies), innovation of products/services, low manufacturing costs, manufacturing technology, and quality of product/services. The highest rated competitive factor is the quality of products/services, and the next two places are the knowledge & skills of employees and managerial competencies. Thus, the human factor is ranked high, and its average rating is between "similar to others" and "above average." In a correlation test, no statistically significant correlations have been found between the value of human factor in its two categories and the variables describing MNCs.

- **Research question 2.** What are the relationships between the advancement level of a particular HRM subfunction and the eight most important variables characterizing MNC?

The advancement levels of the following **six HRM subfunctions have been analyzed**: staffing the organization (STO), shaping employee work engagement & job satisfaction (SEWE&JS), employee–performance appraisal (EPA), multiscope employee development (MED), managerial staff development (MSD), and employer branding (EB). The advancement level of each of them is positively correlated with the company's size and negatively correlated with the ownership share of the HQ in its foreign subsidiary. None of the advancement levels is correlated with the internationalization index (II), the geographical spread index (GSI), the number of total and foreign entities, and the number of host countries. The period of the company's operation is positively correlated with the advancement levels of four of the six HRM subfunctions, i.e. SEWE&JS, MED, MSD, and EB.

- **Research question 3.** What are the relationships between the evaluation of the contribution level of a particular HRM subfunction to the company's performance results and the eight most important variables characterizing MNC?

The contribution levels of the same HRM subfunctions as in the previous research question have been analyzed. The contribution level of staffing the organization (STO) is negatively correlated with four variables describing MNC, i.e. the period of company's operation on the market, the company's size, the ownership share of the HQ, and the number of host countries. The contribution levels of two HRM subfunctions, i.e. shaping employee work engagement & job satisfaction (SEWE&JS) and employer branding (EB) are positively correlated with the ownership share of the HQ. None of the advancement levels is correlated with the internationalization index (II), the geographical spread index (GSI), and the number of total and foreign entities. Simultaneously, the contribution levels of three subfunctions of HRM, i.e. employee-performance appraisal (EPA), multiscope employee development (MED), and managerial staff development (MSD) are not related to any of the variables describing MNC.

- **Research question 4.** What are the relationships between the centralization level of a particular HRM subfunction and the eight most important variables characterizing MNC?

Again, the same HRM subfunctions as in the previous research questions have been analyzed, but this time, with reference to their centralization levels. The centralization level of staffing the organization (STO) is negatively correlated with the ownership share of the HQ. The centralization level of shaping employee work engagement & job satisfaction (SEWE&JS) is negatively correlated with the period of company's operation and the company's size, but positively with the ownership share of the HQ. The centralization level of employee performance appraisal (EPA) is negatively correlated with the number of host countries. Both the centralization level of multiscope employee development (MED) and the centralization level of managerial staff development (MSD) are negatively correlated with two variables describing MNC, i.e. the period of its operation and the number of host countries. And the centralization level of employer branding (EB) is negatively correlated with four such variables, i.e. the period of company's operation, the ownership share of the HQ, the geographical spread index (GSI), and the number of host countries. The number of total entities and the number of foreign entities do not correlate with any of the advancement levels of HRM subfunctions.

- **Research question 5.** How is the significance of the knowledge & skills flows in its two directions (i.e. from the HQ to the LS and from the LS to the HQ) within a particular HRM subfunction assessed due to the eight most important variables characterizing MNC?

As in the previous research questions, the same HRM subfunctions have been analyzed, but this time, with reference to the directions of the knowledge &

skills flows within their scopes. And so, the ownership share of the HQ in its foreign subsidiary is negatively correlated with the knowledge & skills flows from the HQ to local subsidiary within staffing the organization (STO) and positively within such flows when shaping employee work engagement & job satisfaction (SEWE&JS) and employer branding (EB) are considered. As for in the opposite direction, three variables out of all the studied variables describing MNCs are active. The company's size turns out to be positively correlated with the transfers from local subsidiaries in the scope of staffing the organization (STO). The ownership share of the HQ in its foreign subsidiary is negatively correlated with such flows within the scope of four HRM subfunctions, i.e. staffing the organization (STO), employee performance appraisal (EPA), multiscope employee development (MED), and managerial staff development (MSD). And the number of host countries is negatively correlated with the discussed direction of flows in the scope of such HRM subfunctions as multiscope employee development (MED), managerial staff development (MSD), and employer branding (EB).

9.1.2 Supplementary comments on the identified regularities

The analysis of the collected research data at the level of the entire HRM function also leads to the identification of other regularities. Some are unlikely to be discovered, but rather they confirm the findings of other researchers. For example, this research confirms that the greater the organization (*c.f.* Kroon & Paauwe, 2021; Atkinson et al., 2022) and the longer it operates on the market (*c.f.* Young & Tavares, 2004; Kynighou, 2014), the higher the advancement level of the entire HRM function. At the same time, the level of centralization decreases with the increase in the length of the period of company's operation on the market and the increase in the number of host countries it functions (*c.f.* Sparrow et al., 2003; Dowling, 2009; Szałucka, 2016; Edwards et al., 2022).

Other identified regularities shed slightly more light on the perception of human capital as a company's competitive factor. Namely, it turns out that there is a positive relationship between the evaluation of the contribution level of HRM function to the company's performance results and the evaluation of human factor as a company's competitive factor, including both of its categories, i.e. the knowledge & skills of employees and the managerial competencies (see: Barney & Wright, 1998; Chung et al., 2015). This is in accordance with the general assumptions adopted in the resource-based theory and research conducted in this area (*c.f.* Barney, 1991; Dyer, 1993; Wright, et al., 1993; Ingham, 2007; Delery & Roumpi, 2017), including both the overall human factor as well as its two afore-mentioned categories (*c.f.* Ling & Jaw, 2006; Raziq et al., 2020; Whetten & Cameron, 2020). What's more, this research shows that a higher evaluation of the human factor, in both categories, is accompanied by a higher level of the HRM function centralization (*c.f.* Lakshman, 2014), and at the same

time, the transfer of knowledge & skills within HRM from the HQ to a local subsidiary becomes more important than in the opposite direction.

Among the identified regularities, however, there are also those that seem to discover new phenomena; hence, it can be concluded that they are of a revealing nature. Well, it turns out that the bigger the ownership share of the HQ in its foreign subsidiary, the lower the advancement level of HRM function and the worse the financial performance results of this subsidiary. It could therefore be said that it would be better for a local subsidiary if the HQ did not possess any ownership share. However, such a conclusion does not seem legitimate. Further analysis of the research data shows that the bigger ownership share of the HQ in its foreign subsidiary is accompanied by a lower level of HRM centralization, and the subsidiary enjoys greater autonomy in the field of HRM. At the same time, the flows of knowledge & skills to the HQ from a local subsidiary are less important, which means that the HQ undertakes less control in activities in the field of HRM in the local subsidiary. In addition, the increase in ownership share in the local subsidiary is positively related to the evaluation of the contribution level of HRM function to the company's performance results. Interestingly, when the financial performance results of a local subsidiary are better, the better the performance results obtained in the HRM function and the higher the centralization level of this function. Thus, the interpretation may be completely different from the initially assumed. Namely, the obtained research data may lead to the conclusion that the advancement level of the HRM function in a local subsidiary would not be higher if the HQ had smaller shares in it, but if the HRM function were more centralized because increasing the autonomy of the local subsidiary is accompanied by a lower advancement level of HRM and weaker results in HRM, which translate into lower financial results.

The above phenomenon can set an example of a situation in which the centralization of HRM function by the HQ is beneficial for the local subsidiary. However, in the author's belief, this situation is highly contextual. To explain this phenomenon, it is necessary to look at it from the perspective of the owners and managerial staff of a company headquartered in Central Europe. Centralization at the organizational level has a specific meaning here, and the concept of *centralized autonomy* can be used to describe the observed phenomenon. It means that there is a clearly delineated hierarchical system in which precise, but also hard, rules of conduct in the area of HRM are formulated by the HQ, which expects their absolute application from the foreign subsidiary. This is accompanied by the belief that the foreign subsidiary will adapt these rules to its local conditions, but at the same time, will scrupulously follow them. However, the HQ does not obsessively control compliance with them since it is mainly interested in the final outcome, which is a good financial result. Accounting for non-compliance only occurs when there are no expected results. Someone may

say that this is an example of delegating authority or power to a foreign subsidiary, not some centralized autonomy. However, in organizational practice, it works differently. Let us repeat the recommendation of the HQ for a local subsidiary once again: follow the established rules scrupulously and adapt them to your local conditions to obtain good results. This seems illogical and self-contradictory. The term *centralized autonomy* used in this case becomes a nonparadoxical oxymoron. And here, another doubt may arise because the oxymoron, by its nature, has a paradoxical meaning: it is a word relationship in which the defining word contradicts the meaning of the defined word (e.g. dark light, dull roar, endless hour, organized mess). Well, can we speak of a nonparadoxical paradox (oxymoron)? If non-paradoxical is one that does not contain contradictory elements, then nonparadoxical cannot refer to an oxymoron that contains such elements. It should be noted, however, that some oxymora lose their paradoxically contradictory meaning and enter common use (e.g. virtual reality, midnight sun, internal export). Therefore, a nonparadoxical oxymoron is an internally consistent word relationship in which the determining word is semantically contradictory to the determined word (*c.f.* Stor, 2016). As mentioned earlier, the context plays an important role here. In one context, *centralized autonomy* may be seen as a linguistic and logical error, but in another, as a logical and deliberate combination of contradictory words to describe a specific phenomenon. This is also the case with *centralized autonomy*, which we presumably deal with in the MNCs headquartered in Central Europe.

The phenomenon described above can be explained by referring to cultural dualism and duality. Dualism (understood as social phenomenon) and duality (being a cultural property) are not effects of a simple dichotomist division into one or other cultural dimension (see: Kluckhohn & Strodtbeck, 1961; Javidan et al., 2005; Hofstede et al., 2010) but make a resultant of many complicated and composed social and organizational processes. The cultural dualism results particularly from the Central Europe geographical location (between the East and the West; between Christianity and Islam; between Latin and Cyrillic), religious influences and preferences (Catholics, Protestants, Orthodox Christians), former political and economic systems (between economic liberalism and the feudal system; between capitalism and communism), and historically conditioned efforts such as struggles and wars for countries' independence and autonomy (e.g., the Soviet regime in the time of the so–called Socialist Block existence) (Stor, 2009). In this context, Poles in particular perceive themselves as "between" Eastern and Western Europe (Wysocki, 2017). Without going into the details of these important variables, because this is not what this monograph is about, they make Central European MNCs seem to have a common set of features and values that constitute the aforementioned practice of the *centralized autonomy*. As the research of various authors

shows, Central European MNCs give their foreign subsidiaries a significant degree of autonomy in making their own decisions in many spheres of their operation, but at the same time, financial issues remain under the control of the HQ (Szałucka, 2016). Such actions may be based on the belief that since work is important to people, they will try to do it as best as possible so as not to lose it, and therefore, there is no need to control them. Longitudinal studies show that for the inhabitants of Central Europe, work is one of the central values (more important than in Northern and Western Europe), sometimes closely related to religious traditions, and therefore, in relations with others, they may assume that it is a universal value (Borgulya & Hahn, 2008; Luijkx et al., 2022). They may also assume that the centralization of decisions is necessary, because the history of this region shows that to maintain previous political and economic systems, it was necessary to formulate doctrinal solutions at the state level and control their application at various lower levels, especially in socialist firms. However, the continuation of this centralization and control practice by managers at the enterprise level in the new political and economic reality that had appeared in this region since the end of the 1980s, despite some − let's call it − habits, became socially unacceptable and led to the mockery of business owners and managers for continuing practices defined as communist (Hryniewicz, 2007). People value independence and self-government here (Gendźwiłł & Wiszejko-Wierzbicka, 2022) and consultation or autonomy is expected (Bartosik-Purgat & Schroeder, 2007). Hence, on the one hand, we are dealing with a situation in which sound business management principles require controlling and at least some centralization measures, but on the other hand, there is a fear of exposure to ridicule due to the use of practices from the previous political and economic system. A separate issue is, as other studies show, that Central European MNCs highly assess the qualifications and competencies of employees, including managerial staff (Kuczmarska, 2020), and treat them a very important company's competitive factor (Karaszewski, 2013). This is also confirmed by the MNCs from other countries and operating in this region (Brewster & Bennett, 2010). Therefore, this is another reason for not using centralization and control practices, but leaving freedom of action. Of course, it should not be concluded that Central Europe is a homogeneous cultural construct. Nevertheless, the concept of centralized autonomy here has a special contextual meaning and becomes a nonparadoxical oxymoron that must be treated with some caution anyway. Researchers who formulate such a conclusion adopt the perspective "from the inside," that is, they are participants of the changes taking place in Central Europe and may not keep an appropriate distance to the observed phenomena. In addition, they may focus too much on interpreting the artifacts they have selected rather than looking for what might have escaped their attention (Rotengruber, 2019). The assessment is left to the reader here.

9.2 The juxtaposition of the reflective measurement models for the particular HRM subfunctions

9.2.1 The comparison of the impacts of particular model components

This subchapter will discuss the other three subgoals of the research project. And so, **the second research subgoal** was to build one common reflective measurement model for each of the latent variable subfunctions of HRM and to identify and assess the causal relationships between each single HRM subfunction (an independent variable) and the selected indicative dependent variables in the context of one type of the company's performance results. To reach this subgoal, a general conceptual model for a latent variable subfunction of HRM was built (see Figure 2.1.). The advancement level of a particular HRM subfunction made a latent variable. The main assumption of the model was the existence of a causal relationship between the advancement level of a single subfunction of HRM and four selected indicative-dependent variables. The HRM subfunctions under study were: staffing the organization (STO), shaping employee work engagement & job satisfaction (SEWE&JS), employee-performance appraisal (EPA), multi-scope employee development (MED), managerial staff development (MSD), and employer branding (EB). And the following variables were considered as dependent-indicative variables: the company's performance results, the contribution level of HRM subfunction to the company's performance results, and the human factor as a company's competitive factor in two of its categories, i. e. knowledge & skills of employees (HF-employees) and managerial competencies (HF-managers). As for the company's performance results, they were broken down into four types: finance, quality, innovativeness, and HRM. Moreover, since the model took into account the relationship between the HQ and the LS, a given subfunction of HRM was also a dependent variable. In this case, the advancement level of HRM subfunction was determined both by the centralization of decision-making practices of the HQ toward its LS and by the knowledge & skills flows within a particular HRM subfunction between them. As a result of the conducted empirical research, six empirical models were created with a single latent variable in four variants, i.e. in connection with each of the four types of the company's performance results. So a total of 24 models were created. The identification and assessment of the causal relationships between each single HRM subfunction and the selected indicative dependent variables were discussed in Chapters 3 to 8.

  The third research subgoal was to construct one common comprehensive reflective measurement model for each of the latent variable subfunctions of HRM and to identify and assess the causal relationships between each single HRM subfunction (an independent variable) and the selected indicative dependent variables in the context of all types of the company's performance results. To achieve this goal, a conceptual comprehensive model

for a latent variable subfunction of HRM was built (see Figure 2.2.). The assumed causal relationships between a latent variable and the reflective variables were the same, as in the case of the model for a single variable mentioned above but with simultaneous consideration of all types of company's performance results. In this way, six more empirical models were created in the research process, which resulted in 30 models in total. The identification and assessment of the causal relationships between the variables in each of these models were discussed together with models created in response to the second research subgoal in Chapters 3 to 8.

In order not to repeat the results of detailed analyzes of the 30 models presented in the previous chapters of the monograph, we now come to the fourth goal, articulated in the title of this subchapter. Recall that **the fourth subgoal** was to compare the explanatory capability and in-sample predictive power of all reflective measurement models embedded in the two general conceptual models mentioned above, i.e. with one type of company's performance results and with all types simultaneously.

Two statistical measures are used in the juxtaposition of the reflective measurement models, i.e. R^2 (coefficient of determination) and Q^2 (predictive relevance). The first one, R^2, explains the variation of the effect (reflective) indicators that are assumed to be affected by the common underlying variable, which is the advancement level of a particular HRM subfunction. The value of R^2 multiplied by 100 results in a value that is interpreted as a percentage in which the variation of the reflective variables is explained in a latent variable. In the data analysis the following interpretation was adopted: very weak ≥ 0.1, weak ≥ 0.19; moderate ≥ 0.33, substantial ≥ 67 (*c.f.* Falk & Miller, 1992; Chin, 1998; Hair et al., 2022). The second measure, Q^2, predictive relevance, measures whether a model has predictive relevance or not. Its values above zero indicate that the model has predictive relevance. By the same token, a Q^2 with a 0 or negative value indicates the model is irrelevant to prediction of the given construct. The intervals with particular values can be interpreted in the same way as in the case of R^2 (*c.f.* Cohen, 1988; Ringle et al., 2012; Hair et al., 2019).

Model comparisons will be performed as follows. First, the measures common to the models with a single type of company performance results, and the comprehensive models with all performance types of performance results will be compared. The common meaasures refer to the assessment of the explanatory capability and in-sample predictive power of the latent variable construct by the particular subfunctions of HRM and such impacts as the impact of the centralization level of particular HRM subfunction on its advancement level, the impact of the knowledge & skills flows from a foreign subsidiary to the HQ, and the flows in the opposite direction on the advancement level of a single HRM subfunction and the impact of this advancement level on the company's performance results. Then single-type of performance results models will be juxtaposed, and finally, the focus will be solely on multi-types performance results models.

Of the six comparable models, the reflective measurement model for a latent variable of STO has the best explanatory capability and in-sample predictive power ($R^2 = 0.40$; $Q^2 = 0.40$). Subsequently, the order of the models is as follows: EPA ($R^2 = 0,29$; $Q^2 = 0.291$), MSD ($R^2 = 0,22$; $Q^2 = 0.213$), MED ($R^2 = 0,22$; $Q^2 = 0.214$), SEWE&JS ($R^2 = 0,10$; $Q^2 = 0.097$), EB ($R^2 = 0,03$; $Q^2 = 0.033$).

The impact of the centralization level of a particular HRM subfunction on its advancement level is observable in three models. Namely, it impacts negatively on the advance level in the model with SEWE&JS ($\beta = -.23$; $p < 0.001$) and EB ($\beta = -.15$; $p = 0.018$), and positively in a model with EPA ($\beta = .11$; $p = 0.05$). It is worth recalling how the results given in brackets are interpreted. For SEWE&JS, a negative value means that one positive unit of change in the centralization level of SEWE&JS will lead to a decrease of -0.23 unit of change in its advancement level. The interpretation is similar in the case of EB. For EPA, a positive value means that one positive unit of change in the centralization level of EPA will lead to an increase of 0.11 unit of change in its advancement level. The statistics presented later in this chapter should be interpreted in the same way. However, it is also worth adding that in the case of other models, i.e. with STO, MSD, and MED, the centralization level of a given HRM subfunction does not affect its advancement level.

When analyzing the impact of knowledge & skills transfer in the field of a single HRM subfunction on its level of advancement, it looks as follows. The highest impact of the flows to the HQ on the advancement level of a single HRM subfunction is observable in a model with MED ($\beta = .40$; $p < 0.001$). Excluding the model with EB in which the impact is not statistically significant ($\beta = .11$; $p = 0.063$), this impact is also observable in other models. The order of the remaining models by a descending impact of the centralization level looks like this: MSD ($\beta = 0.48$; $p < 0.001$), STO ($\beta = 0.42$; $p < 0.001$), EPA ($\beta = 0.37$; $p < 0.001$), and SEWE&JS ($\beta = 0.20$; $p = 0.002$). The impact of the flow in the opposite direction on the advancement level of a particular subfunction of HRM is visible only in two models, i.e. with EPA ($\beta = 0.27$; $p < 0.001$) and STO ($\beta = 0.23$; $p < 0.001$).

Analyzing the impacts of the advancement levels of single HRM subfunctions on the single types of the company's performance results, they are present in each model with performance results in finance. Namely, in a descending order, on the performance results in finance the impact of the advancement level of MSD amounts to $\beta = 0,44$ ($p < 0.001$), of MED is $\beta = 0,44$ ($p < 0.001$), of EPA is $\beta = 0,41$ ($p < 0.001$), of STO is $\beta = 0,38$ ($p < 0.001$), of SEWE&JS is $\beta = 0,21$ ($p < 0.001$), and of EB is $\beta = 0,17$ ($p = 0.007$). The impact of the advancement level of a single HRM subfunction is also observable in five of the six models with performance results in HRM. Starting with the greatest impact, the order is as follows: EPA ($\beta = 0,35$; $p < 0.001$), SEWE&JS ($\beta = 0,23$; $p < 0.001$), MED ($\beta = 0,17$; $p = 0.007$), STO ($\beta = 0,17$; $p = 0.009$), and MED ($\beta = 0,16$; $p = 0.009$). As

for the models with performance results in quality, the impact of the advancement level of a single HRM subfunction concerns only three models: with MSD ($\beta = 0,31$; $p < 0.001$) in which the impact is positive, and with STO ($\beta = -0,23$; $p < 0.001$) and MED in which it is negative ($\beta = -0,32$; $p < 0.001$). And with regard to the models with performance results in innovativeness, the impact of the advancement level concerns only two models: a model with EPA, where the impact in positive ($\beta = 0,13$; $p = 0.031$), and with MED where the impact is negative ($\beta = -0,12$; $p = 0.040$).

The next three comparative analyzes will concern only the models in which one type of performance result is considered. These analyses will include the impact of the advancement level of particular HRM subfunctions on three variables, i.e. the evaluation of the contribution level of particular HRM subfunctions to the company's performance results, and the evaluation level of the human factor as a company's competitive factor in two of its categories, that is the knowledge & skills of employees (HF – employees), and the managerial competencies (HF – managers).

In 24 compared models, the impact of the advancement level of a single HRM subfunction on the evaluation of its contribution level to the company's performance results appears only in eight of them. Interestingly, such impacts appear twice in each type of organizational performance results. In the models with the performance results in finance, the advancement level of a single HRM subfunction on its contribution level to these types of results is observable when EPA ($\beta = 0,31$; $p < 0.001$) and EB ($\beta = 0,17$; $p = 0.007$) are considered. For the models with performance in quality, this is the case for EPA ($\beta = 0,30$; $p < 0.001$) and STO ($\beta = 0,24$; $p < 0.001$). As for the models with innovativeness, again, this is true for EPA ($\beta = 0,27$; $p < 0.001$) and STO ($\beta = 0,20$; $p = 0.002$). As for the models with HRM, for the third time, the identified regularities concern EPA ($\beta = 0,21$; $p = 0.001$) and STO ($\beta = 0,20$; $p = 0.002$).

Moving on to the evaluation of the human factor as a company's competitive factor, in the models with performance results in finance, the knowledge & skills of employees is positively impacted by the advancement level of EPA ($\beta = 0,25$; $p < 0.001$), and negatively by the advancement levels of MSD ($\beta = -0,17$; $p = 0.007$), MED ($\beta = -0,16$; $p = 0.011$), and EB ($\beta = -0,13$; $p = 0.028$). In the models with quality, it is impacted only by the advancement level of EPA ($\beta = 0,22$; $p < 0.001$), and this impact is positive. In the models with innovativeness, it is under a positive impact of the advancement level EPA ($\beta = 0,22$; $p < 0.001$) and negative of EB ($\beta = -0,12$; $p = 0.040$) and MSD ($\beta = -0,12$; $p = 0.045$). And in the models with performance results in HRM, it is under a positive impact of the advancement level of EPA ($\beta = 0,19$; $p = 0.003$) and negative impacts of MSD ($\beta = -0,15$; $p = 0.016$), MED ($\beta = -0,14$; $p = 0.020$), EB ($\beta = -0,13$; $p = 0.032$), and SEWE&JS ($\beta = -0,11$; $p = 0.052$). As far as managerial competencies are considered, in the models with performance results in finance, they are under a positive impact of the advancement level of EPA

(β = 0,28; p < 0.001). In the models with quality, they are positively impacted by the advancement levels of EPA (β = 0,24; p < 0.001) and STO (β = 0,12; p = 0.043). In the models with innovativeness, they are positively impacted by the advancement level of EPA (β = 0,25; p < 0.001). And in the models with performance results in HRM, they are again under a positive impact of the advancement level of EPA (β = 0,25; p < 0.001). It can therefore be said that HF-employees is much more often under the impact of the advancement levels of particular HRM subfunctions than the managerial staff.

The next six comparative analyses will concern the comprehensive modes for a latent variable of a single HRM subfunction with all types performance results. These analyses will include the impact of the advancement level of particular HRM subfunctions on three variables, i.e. the evaluation of the contribution level of particular HRM subfunctions to the company's performance results, and the evaluation level of the human factor as a company's competitive factor in two of its categories, that is the knowledge & skills of employees (HF − employees) and the managerial competencies (HF − managers). Furthermore, the analyses will focus on the impact of the particular type of performance results on the above-mentioned variables, i.e. the human factor in its two categories and the contribution level of each HRM subfunction.

Out of the six comprehensive models for single latent variables of HRM subfunctions, only in two of them has the impact of the advancement level of a single HRM subfunction on the evaluation of its contribution level to the company's performance results been identified. This concerns the comprehensive reflective measurement model for a latent variable of SEWE&JS (β = 0,13; p = 0.026) and for a latent variable of EPA (β = 0,23; p < 0.001).

In one comprehensive reflective measurement model for a latent variable of HRM subfunction, its advancement level has a positive impact on HF-employees and in three negative. The positive impact is in the model for EPA (β = 0,24; p < 0.001), and negative impacts are in models with MSD (β = −0,13; p = 0.031), MED (β = −0,12; p = 0.043), and EB (β = −0,11; p = 0.051). It is a bit different in the case of HF-managers. This category of human factor as a company's competitive factor is under a positive impact of the advance level of HRM subfunction in three comprehensive models, i.e. with EPA (β = 0,30; p < 0.001), STO (β = 0,13; p = 0.029), and MED (β = 0,13; p = 0.036).

Comparing the six comprehensive models in terms of the impact of the company's performance results on the evaluation of the contribution level of a particular HRM subfunction to these results, leads to the following outcomes. In the comprehensive model with STO, the performance results in finance (β = 0,40; p < 0.001) and quality (β = 0,14; p = 0.021) have positive impacts on the evaluation of this subfunction contribution to these results, but the performance results in innovativeness have a negative impact

(β = −0,13; p = 0.029). In the comprehensive model with SEWE&JS, the performance results in finance have a negative impact (β = −0,20; p = 0.002) on the evaluation of this subfunction contribution to these results, but the results in quality positive (β = 0,40; p < 0.001). In the comprehensive model with EPA, both performance results in innovativeness (β = 0,12; p = 0.049) and in HRM (β = 0,20; p = 0.002) impact positively on the evaluation of the contribution level of this HRM subfunction to these types of results. In the comprehensive model with MED, there are also two positive impacts on the evaluation of the contribution level of this subfunction. One refers to the performance results in quality (β = 0,22; p < 0.001) and one to results in HRM (β = 0,19; p = 0.003). It looks similarly in the comprehensive model with MSD. Namely, both performance results in quality (β = 0,24; p < 0.001) and in HRM (β = 0,22; p < 0.001) impact positively on the evaluation of the contribution level of this HRM subfunction. And in the comprehensive model with EB, the performance results in finance have negative impact (β = −0,26; p < 0.001) on the evaluation of this subfunction contribution to these results, but the results in quality positive (β = 0,44; p < 0.001).

The last two comparative analyzes of the comprehensive models concern the impacts of the company's performance results on the assessment of human factor as a company's competitive factor. First, we will deal with the HF-employees. In the comprehensive model with STO, it is under a positive impact of both performance results in quality (β = 0,24; p < 0.001) and HRM (β = 0,16; p = 0.009) but under a negative impact of the results in innovativeness (β = −0,12; p < 0.044). In the comprehensive model with SEWE&JS, it looks similar. The HF-employees are positively impacted by the results in quality (β = 0,21; p = 0.001) and HRM (β = 0,19; p = 0.003) but negatively by the results in innovativeness (β = −0,12; p < 0.049). In the comprehensive model with EPA on one side, it is under a positive impact of the results in quality (β = 0,24; p < 0.001), but on the others, under a negative impact of results in innovativeness (β = −0,13; p = 0.031). In the comprehensive model with MED, it is positively impacted by both results in quality (β = 0,18; p = 0.004) and HRM (β = 0,18; p = 0.031), but negatively by the results in innovativeness (β = −0,12; p = 0.039). It looks almost the same in the last two models. Namely, both in the model with MSD and EB, the results in quality (β = 0,18; p = 0.005 and β = 0,21; p = 0.001 respectively) and results in HRM (β = 0,18; p = 0.004 and β = 0,17; p = 0.007 respectively) impact positively on the evaluation of the HF-employees, but results in innovativeness impact negatively (β = −0,12; p = 0.041 and β = −0,12; p = 0.045 respectively).

And as for the HF-managers in the comprehensive models, in the model with STO, it is positively impacted by the performance results in quality (β = 0,18; p = 0.004), but negatively by performance results in innovativeness (β = −0,14; p = 0.021). In the comprehensive model with SEWE&JS, both performance results in quality (β = 0,14; p = 0.019) and

results in HRM (β = 0,12; p = 0.047) impact on the HF-managers positively, but the results in innovativeness negatively (β = −0,14; p = 0.022). In the comprehensive model with EPA, both performance results in finance (β = −0,11; p = 0.050) and results in innovativeness (β = −0,16; p = 0.013) impact on the HF-managers negatively, whereas the results in quality positively (β = 0,17; p = 0.007). In the three remaining comprehensive models, the regularities are very similar to each other. Namely, in the comprehensive models with MED, MSD, and EB, the HF-managers are under the positive impact of the performance results in quality (β = 0,19, p = 0.003; β = 0,17, p = 0.006; and β = 0,15, p = 0.015 respectively) and under the negative impact of the performance results in innovativeness (β = −0,14, p = 0.024; β = −0,14, p = 0.022; and β = −0,14, p = 0.021 respectively).

9.2.2 The verification of the research hypotheses

We now turn to the verification of the research hypotheses built for all the models. As explained in Chapter 2, certain simplifications were applied in their creation. Considering that there are 30 models in total and in each of them, different configurations of variables and relationships between them were to be tested – it was calculated that about 500 hypotheses should be created to describe each of them. Of course, this was too much for a monograph, and therefore, reductionist actions were taken and only hypotheses of a general nature were formulated.

- **H1** – The centralization level of each of the HRM subfunctions may affect directly on its advancement level.

This hypothesis can be partly accepted. The positive impact is observable in the models with EPA and EB, and negative in models with SEWE&JS.

- **H2** – The direction of knowledge & skills flows between the HQs and LS within each of the HRM subfunctions may affect directly on its advancement level.

This hypothesis can be partly accepted. Although all the identified impacts are positive, they do not apply to both directions of flows and do not apply to all models. The positive impact of the flows from the local subsidiaries to the HQs is observable in the models with STO, SEWE&JS, EPA, ED, and MSD. The positive impact of the flows in the opposite direction is observable only in two models, i.e. with STO and EPA.

- **H3** – The direction of knowledge & skills flows between the HQs and LS within each of the HRM subfunctions may mediate the relationships between the centralization level of each subfunction and its advancement level.

This hypothesis can be partly accepted. The mediating relationship exists only in the model with STO and concerns both directions of flows. The mediating effect is positive.

- **H4** – The advancement level of each of the HRM subfunctions may affect directly on each type of the company's performance results.

This hypothesis can be partly accepted. This is because not in all models have such causal relationships been identified. As for the company's performance results in finance, they are under positive impacts of the HRM subfunctions in the models with STO, SEWE&JS, EPA, MED, MSD and EB. The company's performance results in quality are under positive impact of the HRM subfunction in the model with MSD and under negative impacts in the models with STO and MED. The company's performance results in innovativeness are under positive impact of the HRM subfunction in the models with EPA and under negative impact in the model with MED. The company's performance results in HRM are under positive impacts of the HRM subfunctions in the models with STO, SEWE&JS, EPA, MED, and MSD.

- **H5** – The advancement level of each of the HRM subfunctions may affect directly on the evaluation of human factor as a company's competitive factor, regardless of the type of the company's performance predictor is considered.

This hypothesis can be partly accepted because the hypotheses H5A and H5B have been partially confirmed.

- **H5A** – The advancement level of each of the HRM subfunctions may affect directly on the evaluation of human factor as a company's competitive factor, regardless of the type of the company's performance predictor is considered but in isolation from other types of performance results.

This hypothesis can be partly accepted. The model with EPA is the only model in which the advancement level of this HRM subfunction impacts positively both on the HF-employees and HF-managers, regardless of the type of company performance considered. It looks very different in the other models. The positive impact of the advancement level of the HRM subfunction on the HF-managers has been identified in the model with STO with regard to the company's performance results in quality, and the positive impact on the HF-employees has been identified in the model with MED with regard to the performance results in finance. Furthermore, the negative impacts of the advancement level of the HRM subfunction on the evolution of HF-employees are visible in the models with MSD and EB when the performance results in finance are considered. When the

performance results in innovativeness are considered, these negative impacts are observable in the models with MSD and EB. And when the focus is on the performance results in HRM, the negative impacts of the advancement level of HRM subfunctions on the evaluation of HF-employees are identifiable in the modes with SEWE&JS, MED, MSD, and EB.

- **H5B** – The advancement level of each of the HRM subfunctions may affect directly on the evaluation of human factor as a company's competitive factor regardless of the type of the company's performance predictor is considered but in the context of other types of performance results.

This hypothesis can be partly accepted. When all company performance results are considered simultaneously, the identified regularities are as follows. The advancement level of EPA impacts directly and positively on the evaluation of the knowledge & skills of employees, but the advancement levels of MED, MSD and EB impact negatively. As for the managerial competencies, they are under the positive impacts of the advancement levels of STO, EPA, and MED.

- **H6** – The advancement level of each of the HRM subfunctions may affect directly on the evaluation of the contribution level of each of these subfunctions to the company's performance results.

This hypothesis can be partly accepted because the hypotheses H6A and H6B have been partially confirmed.

- **H6A** – The advancement level of each of the HRM subfunctions may affect directly on the evaluation of the contribution level of each of these subfunctions to the company's performance results considered in isolation from other types of performance results.

This hypothesis can be partly accepted. When a single type of the company's performance results is considered in isolation from other types of performance results, the following regularities are observable. The advancement levels of HRM subfunctions impact positively on the evaluation of their contributions to the performance results in quality, innovativeness, and HRM in the models with STO and EPA. Moreover, the positive impact on the evaluation of the contribution level of the HRM subfunction to the performance results in finance is also observable in the model with EPA.

- **H6B** – The advancement level of each of the HRM subfunctions may affect directly on the evaluation of the contribution level of each of these subfunctions to the company's performance results considered in the context of other types of performance results.

This hypothesis can be partly accepted. The expected regularity takes place only in two comprehensive models, i.e. with STO and EPA in which the advancement levels of these HRM subfunctions impact positively on the evaluation of their contribution levels to all types of the company's performance results.

- **H7** – The company's performance results may affect directly on the evaluation of the contribution level of each of the HRM subfunctions to the company's performance results regardless of the type of the company's performance results being considered.

This hypothesis can be partly accepted because the hypotheses H7A and H7B have been partially confirmed.

- **H7A** – The company's performance results may affect directly on the evaluation of the contribution level of each of the HRM subfunctions to the company's performance results, regardless of the type of the company's performance results being considered.

This hypothesis can be partly accepted. When the single types of the company's performance results are considered in isolation from the other types of performance results, the following regularities appear. The company's performance results in finance impact positively on the evaluation of the contribution level of HRM subfunction to these results in the models with STO and EB, but negatively in the model with SEWE&JS. When the performance results in quality are considered, they impact positively on the evaluation of the contribution level of HRM subfunction to these results in the models with STO, SEWE&JS, MED, MSD and EB. As for the performance results in innovativeness, they impact positively on the evaluation of the contribution level of HRM subfunction to these results in the models with SEWE&JS, EPA, MED, MSD, and EB. And when the performance results in HRM are analyzed, they impact positively on the evaluation of the contribution level of HRM subfunction to these results in the models with EPA and MED.

- **H7B** – The company's performance results may affect directly on the evaluation of the contribution of each of HRM subfunctions to the company's performance results considered in the context of other types of performance results.

This hypothesis can be partly accepted. Taking into account all types of the company's performance results simultaneously, the following regularities appear. The company's performance results in finance impact positively on the evaluation of the contribution level of HRM subfunction to these results in the model with STO, but negatively in the models with

SEWE&JS and EB. When the performance results in quality are considered, they impact positively on the evaluation of the contribution level of HRM subfunction to these results in the models with STO, SEWE&JS, MED, MSD and EB. As for the performance results in innovativeness, they impact positively on the evaluation of the contribution level of HRM subfunction to these results in the model with EPA, but negatively in the model with STO. And when the performance results in HRM are analyzed, they impact positively on the evaluation of the contribution level of HRM subfunction to these results in the models with EPA and MSD.

- **H8** – The company's performance results may affect directly on the evaluation of the human factor as a company's competitive factor, regardless of the type of the company performance results being considered.

This hypothesis can be partly accepted because the hypotheses H8A and H8B have been partially confirmed.

- **H8A** – The company's performance results may affect directly on the evaluation of human factor as a company's competitive factor considered in isolation from other types of performance results.

This hypothesis can be partly accepted. When the single types of the company's performance results are considered in isolation from the other types of performance results, the following regularities appear. As for the evaluation of the HF-employees, the company's performance results in quality impact on it positively in all models with the single HRM sub-functions. This evaluation is also under positive impact of the performance results in HRM in the models with STO, SEWE&JS, MED, MSD, and EB. With regard to the HF-managers, the company's performance results in quality impact on it positively in the models with STO, MED, and MSD.

- **H8B** – The company's performance results may impact directly on the evaluation of human factor as a company's competitive factor considered in the context of other types of performance results.

This hypothesis can be partly accepted. Considering all types of the company's performance results simultaneously, the following regularities appear. As for the evaluation of the HF-employees, the company's performance results in quality impact on it positively in all models with the single HRM subfunctions. The company's performance results in innovativeness impact on this evaluation negatively in all models with the single HRM sub-functions. This evaluation is under positive impact of the performance results in HRM in the models with STO, SEWE&JS, MED, MSD, and EB. With regard to the HF-managers, the company's performance finance

in impact on it negatively in the model with EPA. The performance results in quality impact on this evaluation positively in all models with the single HRM subfunctions. The performance results in innovativeness impact on this evaluation negatively in all models with the single HRM subfunctions. And the performance results in HRM impact on it positively in the model with MSD.

- **H9** – The company's performance results may mediate the relationships between the advancement level of each of the HRM subfunctions and the evaluation of human factor as a company's competitive factor, regardless of the company's performance predictor is considered.

This hypothesis can be partly accepted because the hypotheses H9A and H9B have been partially confirmed.

- **H9A** – The company's performance results may mediate the relationships between the advancement level of each of the HRM subfunctions and the evaluation of human factor as a company's competitive factor considered in isolation from other types of performance results.

This hypothesis can be partly accepted. When the single types of the company's performance results are considered in isolation from the other types of performance results, the following regularities appear. The company's performance results in quality mediate positively the relationships between the advancement levels of HRM subfunctions and the evaluation of both categories of human factor in the models with STO, MED, and MSD. The positive mediating relationships are also observable between the performance results in HRM and the HF-employees in the models with STO, SEWE&JS, MED, and MSD.

- **H9B** – The company's performance results may mediate the relationships between the advancement level of each of the HRM subfunctions and the evaluation of human factor as a company's competitive factor considered in the context of other types of performance results.

This hypothesis can be partly accepted. Considering all types of the company's performance results simultaneously, the following regularities appear. The company's performance results in quality mediate positively the relationships between the advancement levels of HRM subfunctions and the evaluation of both categories of human factor in the models with STO, MED, and MSD. As for the HF-employees alone, the performance results in innovativeness mediate negatively the relationships between this category of human factor and the advancement levels of HRM subfunctions in the models with EPA and MED. However, the mediation effect is positive when the performance results in HRM are considered in the models with

STO, SEWE&JS, MED, and MSD. With regard to the HF-managers alone, the performance results in finance and quality mediate negatively the relationship between this category of human factor and the advancement levels of HRM subfunctions in the models with EPA. Additionally, the performance results in innovativeness mediate negatively the relationship between the HF-managers and the advancement level of a HRM subfunction in the model with MED. And in the model with SEWE&JS, the relationship between the HF-managers and the advancement level of a HRM subfunction is positively mediated by the performance results in HRM.

- **H10** – The company's performance results may mediate the relationships between the advancement level of each of the HRM subfunctions and the evaluation of the contribution of each of these subfunctions to the company's performance results.

This hypothesis can be partly accepted because the hypotheses H10A and H10B have been partially confirmed.

- **H10A** – The company's performance results may mediate the relationships between the advancement level of each of the HRM subfunctions and the evaluation of the contribution of each of these subfunctions to the company's performance results considered in isolation from other types of performance results.

This hypothesis can be partly accepted. When the single types of the company's performance results are considered in isolation from the other types of performance results, the following regularities appear. The performance results in in finance mediate positively the relationship between the advancement level of HRM subfunction and its contribution level in the model with STO, but negatively in the models with SEWE&JS and EB. This relationship is positively mediated by the performance results in quality in the models with STO, MED, and MSD, and by the results in innovativeness in the models with EPA and MED, and by the results in HRM in the models with EPA, MED, and MSD.

- **H10B** – The company's performance results may mediate the relationships between the advancement level of each of the HRM subfunctions and the evaluation of the contribution of each of these subfunctions to the company's performance results considered the context of other types of performance results.

This hypothesis can be partly accepted. Considering all types of the company's performance results simultaneously, the following regularities appear. The relationship between the advancement level of HRM subfunction and

its contribution level is positively mediated by the performance results in finance in the model with STO; by the results in quality in the models with STO, MED, and MSD; by the results in innovativeness in the model with EPA, and by the results in HRM in the models with EPA, MED, and MSD. However, it is negatively mediated by the results in finance in the models with SEWE&JS and EB.

Thus, in summary, it can be said that each of the 10 hypotheses has only been empirically confirmed to some extent. However, it should be re-membered that each of them involved a huge number of relationships between the studied variables. This is certainly a handicap of such complex hypotheses, but the reasons for formulating them in this way in this monograph were explained.

9.2.3 Complementary comments on the identified regularities

Considering the desired positive effects of the advancement level of individual HRM subfunctions on the company's performance results, the best are the models with results in finance and in HRM. In each of these models, the advancement level of a single HRM subfunction (STO, SEWE&JS, EPA, MED, MSD, EB) has a positive impact on the performance results in the scope of finance and HRM. Similar phenomena were observed in other studies, which identified the Central and Eastern MNCs concentration on financial results (*c.f.* Klimek, 2014) and on the interest in increasing the level of HRM (*c.f.* Poór, et al., 2020). In the case of the comprehensive models, in each of them, the advancement level of a given HRM subfunction has also a positive impact on the financial results. Regarding the simultaneous positive influence of a given HRM subfunction on the results, the EPA and MSD models are the best among the comprehensive models, as three out of four types of company's performance results are positively influenced by the advancement level of these subfunctions. This suggest, like in other studies, that both EPA (*c.f.* Buchelt, 2015) and MSD (*c.f.* Abraham et al., 2001) are strategically important to these type of companies.

The expected positive impact of the company's performance results on the evaluation of the human factor as a competitive factor was most fully confirmed in the models with the results in quality. In each of the models for a single HRM subfunction, the results in quality had a positive impact on the HF-employees, while on HF-managers to a limited extent.

However, in the comprehensive models with all types of performance results, the results in quality always positively influenced on the assessment of both categories of the human factor, but at the same time, the results in innovation impacted negatively. Such a regularity can be explained by the ranking list of competitive factors discussed in Chapter 2 (see Figure 2.3.). It shows that out of the seven examined factors, the first place is the quality of products and services, and the penultimate one is the innovation of

products and services. Competing on the quality of products and services by the Central European MNCS is also confirmed by other studies (Trąpczyński et al., 2016). In any case, this leads to the conclusion that the HRM system is more geared toward promoting quality orientation than innovation among employees. It is also worth paying attention to the comprehensive reflective measurement model for a latent variable of EPA because in the context of each type of results, the advancement level of EPA has a positive impact on the assessment of both HF-employees and HF-managers. The EPA model is also the only one in which both transfer to the HQ and from the HQ have positive effects on the advancement level of this subfunction. In the broader context of the obtained research results, it also seems reasonable to formulate the supposition that the examined MNCs in their foreign subsidiaries are more result-oriented than process-oriented, i.e. they are more interested in the final result than in the way of reaching this result. Interestingly, other studies show that the reverse orientation is used in the HQs of internationalizing companies (see: Buchelt et al., 2015). Moreover, the research on HRM also proved that the higher the internationalization index of a MNC, the less focus on HRM contribution but more on HRM results (Koen, 2005:420).

Regarding centralization, it has a positive effect on EPA but negative on SEWE&JS and EB. In other subfunctions, i.e. STO, MED and MSD, this effect was positive although not statistically significant. Such regularity confirms the special importance that is attached to the appraisal of employees. It should also be borne in mind that employee appraisal has not only an informative and controlling function toward employees, that is, communicating what is expected of them and then checking the results. As explained in Chapter 2, the results of employee appraisal can be used to design training and developmental programs (Jacobs & Washington, 2003; Jangbahadur & Sharma, 2018; Garavan et al., 2021), conduct internal promotion (Bayo-Moriones et al., 2020), calculate salaries and bonuses (Kuvaas, 2006), shape employee satisfaction (Kampkötter, 2017), ensure employee engagement (Smith & Bititci, 2017), and many others.

As for the flow of knowledge and skills between the HQ and the local subsidiary, virtually all models confirm the positive impact of the flows from the local subsidiary to the HQ on the advancement level of the HRM subfunction. In the case of the flows in the opposite direction, this flow does not always have a positive effect; sometimes no effect on its part is observable. This is a very interesting phenomenon that has been observed, the more that most of the research on the flows of knowledge in MNC have focused on the direction from the parent company to the local subsidiary (see: Kogut & Mello, 2017). Anyway, the literature emphasize that transfer from the local subsidiary to the HQ is not actually a linear process, but one that is socially complex as well as reciprocal (Choi et al., 2005), whereby the subsidiary and headquarters are constantly interacting and mutually exchanging knowledge and information, both tacit and explicit.

There is also considerable agreement that this direction of flows is essential for MNCs to develop their competitive advantages (Chung, 2014).

In the summary, referring again to **the main goal of the empirical research**, it seems that in the context of the presented research findings, this goal can be considered achieved, all the more so as four of its subgoals have also been achieved. Such a conclusion is made by the recognition that the undertaken research activities enabled the identification, analysis, diagnosis, and prediction of the relationships between the selected variables describing MNCs and the selected variables describing the effects of the advancement levels of HRM subfunctions on the evaluation of their contributive roles in the company's performance results, the factual company's performance results themselves, and the human factor as a competitive factor.

This may sound a bit colloquial and unscientific, but at the end, it can be said that it seems that in MNCS headquartered in Central Europe, there are three dominant leitmotifs describing their activities, which are finance, quality, and employee performance appraisal. All HRM subfunctions have a positive effect on the company's performance results in finance, and the advancement level of EPA has a positive effect on the assessment of the human factor in its two categories, i.e. the knowledge & skills of employees and managerial competencies. At the same time, in the comprehensive models, the advancement level of EPA has the greatest positive impact on the assessment of the contribution of this subfunction to all types of performance results simultaneously, i.e. in finance, quality, innovativeness, and HRM.

9.3 A concise assessment and summary of the empirical research

The main research problem in this monograph was to establish whether there are any identifiable regularities in the MNCs headquartered in Central Europe that determine the relationships between the advancement levels of HRM subfunctions and the company's performance results, and how in this context the contribution of HRM to these performance results and the human factor as a company's competitive factor are evaluated. The recognition that this problem has been resolved seems justified. The detailed research findings in this scope were presented in particular chapters of the monograph, and this chapter summarized them in principle.

In this final part of the monograph, four issues will be briefly addressed to provide a concise assessment and summary of the research. They are: the value and the contribution of the research findings to the theory development, the practical implications of the research findings, the research limitations, and the recommendations for the future research.

As for the value and the contribution of the research findings to the theory development, to the best knowledge of the author, it is the first research monograph to take a unique perspective. Well, through the prism

of the Central European MNCs, a comparison of the variables describing particular HRM subfunctions with relation to the organizational performance results in foreign subsidiaries located all over the world has been made. It was based on the juxtaposition of the reflective measurement models for the particular HRM subfunctions, which the author built within the scope of the resource-based theory and the human–capital theory. Moreover, the fundamental variables describing MNCs were involved in the analytical process to better understand the identified regularities appearing in their HRM practice.

Furthermore, on one side, the research findings confirm the relationships between the selected HRM subfunctions and four categories of company performance results that were also identified by other researchers; but additionally, this time, it is about the MNCs with a dominant capital share from the Central European country. On the other side, the research findings bring some knowledge on the similarities and differences between particular HRM subfunctions and their associations with the variables incorporated in the reflective measurement models. They also provide some new knowledge on the roles that the advancement levels of particular HRM subfunctions play in the evaluation of human factor as a competitive factor and the perceived contribution of these HRM subfunctions to the company financial performance. Furthermore, the study allowed for the identification of the reflective variables of HRM subfunctions, which turned out to be good indicators of their advancement levels. They also give some light on the new, interesting regularities that have been identified in this respect. It is important because most of the research to date, even if conducted on a larger number of MNCs, covered the organizations in which the majority of the capital share usually belonged to the MNCs from Western Europe or the USA. It is worth emphasizing, however, that it also seems valuable that some irregularities were observed as well. It is argued that regularities can be as valuable as irregularities in understanding phenomena under study.

Additionally, the Partial Least Squares Structural Equation Modeling (PLS-SEM) with WarpPLS software was used to verify the research hypotheses and assess all reflective measurement models built for the latent variables of ingle HRM subfunctions. All this allowed to juxtapose their indicators and compare their explanatory capability and in-sample predictive power. This could be an example of how PLS-SEM can be used for HRM research in MNCs.

With regard to the practical implications of the research results, this constitutes an additional value of the monograph. The author believes that although the book is written in a scientific language, it is possible to formulate practical recommendations that can support the managerial staff in answering the question of how to develop HRM practices to satisfy nationally diverse employees and, at the same time, achieve the expected results of the company's operations in various locations around the world.

Moreover, they can initiate the development and implementation of such solutions in the field of cooperation between the HQs and their foreign subsidiaries, which will be beneficial to all stakeholders, and particularly enable people to create value added in economic, managerial, and social sphere, thereby contributing to the company's competitive advantage in the long term through the realization of its goals and strategies in a skillful, effective and efficient way. In this context, the presented research findings may become an inspiration to search for such configurations of activities composing particular HRM subfunctions that facilitate the transformation of human resources into such human capital, which becomes a unique factor of the organization's competitiveness. In a way, the MNC can gain its competitive edge and succeed through its unique human capital resources, that is – properly selected, satisfied, and engaged employees with suitable qualifications and competencies in various units of their organization structure dispersed all over the world.

Despite the clear scientific and practical values, the presented research results are not without certain limitations. Of course, the basic limitation is that the empirical research was carried out only on a Central European MNCs sample. Earlier it was indicated as an advantage because it allows us to determine if they are characterized by any specificity. However, this becomes a limitation in the sense that it does not allow for generalization of conclusions with regard to all MNCs operating in the world. Certain concerns may also arise from the applied measures or the assignment of individual activities to specific HRM subfunctions, or the lack of activities that someone may consider important. The shortcomings connected with measures may refer, for example, to the measures that were used for the evaluation of the company's performance results. They were not based on hard indicators but on the benchmarking in which the respondents compared the performance outcomes of their companies to the outcomes of their competitors. As for the mentioned shortcoming in the structure of the particular HRM subfunctions, the justification is that it is difficult in one study to include all possible activities compassing HRM and classify them into specific subfunctions in such a way that will satisfy each researcher. The other weaknesses of the study certainly include the fact that the same weights were assigned to individual activities that make up specific subfunctions of HRM. This is of particular importance, for example, when calculating averages and using them to compare such activities or entire subfunctions. For instance, there may be some controversy when comparing the advancement level of AC (assessment center) applied in an organization to the level of using headhunting agencies. While in the first case, it may be about the methods, techniques, or diagnostic and prognostic tools used, sometimes very complex and advanced, in the second case, it is not so clear. Additionally, the value of the advancement level of a single HRM subfunction was formed on the basis of a single indicator resulting from the total aggregation of the formative indicators (particular activities

composing this subfunction) not included in presented the models. Some reservations may also be raised by the fact that the survey was conducted only among the HQs, and none of the foreign subsidiaries was involved. The validity of this study may be also weakened by the fact that it was entirely based on the self-report data that may cause some bias and that data on the causes and effects of certain phenomena were collected at the same time. However, as far as a research design is concerned, a comprehensive time-range-bounded and resultative approach was taken. This means the respondents were asked to answer the survey questions in the context of the last three years. The intention here was to make them think about some cause-effects relationships of the studied variables, not to consider them separately in a kind of business vacuum.

However, the author hopes that despite these weaknesses, the presented research findings have some cognitive, exploratory, explanatory, novelty and theory-generative values, especially with regard to the relationships that occur between the considered variables in the overseas subsidiaries of the Central European MNCs located worldwide.

Finally, it is worth outlining the directions in which future research could go. One of them could be to determine if there are any differences and regularities in HRM in the local subsidiaries of Central European MNCs due to the region in which they have their foreign operations. Some attempts have already been made by the author of this monograph in this regard. For example, the subject of interest was the comparison of HRM practiced by Central European MNCs in Eastern and Western Europe in terms of issues such as the role of human factor in company' performance results (Stor & Haromszeki, 2020), managerial staff development (Stor & Haromszeki, 2021), and employee development and competency management (Stor, 2022). But they were based simple correlation analyses, and it would be worth making a more in-depth analysis using more advanced statistical methods. Additionally, it would also be worth getting interested in practices in the USA, Asia, Africa, or others distinguished according to the adopted logic. However, the comparative studies in which the research sample would be not only one country, as in the research presented in this monograph, but all the countries included in Central Europe, would certainly have a greater value. From the research point of view, it would also be interesting to consider the efficiency indicator. That is, adjusting the relationship between the advancement level of HRM and the organization's performance results by the efficiency indicator. And such analytical activities have already been undertaken by the author of this monograph.

However, it should be remembered that the unification and universalization of the approach to a given region have negative consequences. It can lead to overgeneralizations that do not fit well with the reality. For example, too often Central and Eastern Europe is treated as an almost united bloc of post-communist countries. Despite some similarities (such as the former communist regime or the European history of developed

countries), these countries had different characteristics (even individual communist models) and many political, social, and economic differences. Their unique history, size and resources have sometimes led them to take radically different paths (Jaklič, 2020). Against this background, there are also postulates to finally stop dividing Europe only into Western and Eastern because there is also Central Europe with its unique context (Stobiecki, 2020). A better understanding of how these differences impact foreign operations of MNCs from this region requires a comparative process research and multilevel research by placing much greater weight upon the context. Contextualizing research and encouraging high-quality indigenous studies would speed up the creation of knowledge and theory.

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