Introduction **Organizational behavior in multinational organizations**

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Summary   This article introduces a special issue of the *Journal of Organizational Behavior* on organizational behavior in the context of multinational organizations (MNOs). MNOs have distinctive organizational characteristics and operate in national settings that have distinctive institutional and cultural characteristics that together provide a unique context for organizational behavior. We present a taxonomy, which suggests that OB scholars who have done research in the MNO context have given it theoretical meaning in several ways. This context can influence the frequency of occurrence of OB variables, influence their functional relationships, or produce nuanced or unique constructs. The articles in the special issue highlight the OB implications of the conflicting identities that are particularly likely to be found when an organization's different structural components are closely linked to different cultural and formal institutions. Copyright © 2007 John Wiley & Sons, Ltd.

Introduction

The decision to prepare a special issue about organizational behavior in multinational organizations (MNOs) comes from the belief that multinationals provide examples of the sort of context characteristics that have been central to the editorial policy of the *Journal of Organizational Behavior* in recent years. Organization behavior is the analysis of people and social situations in a context—organizations. It is distinguished from other approaches to social situations by its focus on this particular context. Context most often operates as a cross-level effect with higher level contextual elements influencing the meaning and relationships among variables at lower levels (Johns, 2006). Much has been written about the theoretical and methodological problems associated with studying such cross-level effects (e.g., Chan, 1998; Glick, 1985; Klein, Dansereau, & Hall, 1994; Kozlowski & Klein, 2000; Morgeson & Hofmann, 1999; Rousseau, 1985). To sidestep these problems, organizational behavior research, including that conducted in an international context, usually has confined itself to addressing relationships at a single level of analysis. Restricting research to a single level avoids the problem of attributing observed relationships to a level other than that of the unit from which data are directly obtained, such as aggregating data from individuals to represent organizations

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or societies. However, it has also resulted in missing the central characteristic of *organizational* behavior. It fails to adequately address its distinctive contextual nature including that of the particular type of organizational context, multinationals, that is the focus of the present special issue.

Johns (2006) answers the question of why context matters by suggesting that it can influence organizational behavior variables by restricting range, affecting base rates, changing causal direction, reversing signs of relationships, prompting curvilinear effects, tipping precarious relationships, and threatening validity. Multinationals show a complex configuration of organizational, formal institutional, and cultural characteristics that can have all of these effects. A number of OB scholars have called attention to the neglect of not just context in general, but international context in particular (e.g., Boyacigiller & Adler, 1991; Porter, 1996). Rousseau and Fried (2001, 1) advocate the need for international comparative research when they argue that '. . .the domain of organizational research is becoming more international, giving rise to challenges in transporting social science models from one society to another.' The sort of international comparative research linked to national differences in cultures and other institutions that they advocate is relevant to a special issue about multinationals, since MNOs operate in different nations. In addition to comparative issues, the MNO context includes issues associated with problems and structures of MNOs as a distinctive type of organization. The articles in the special issue are particularly valuable because the MNO context is even less frequently considered in OB research than is national context in general.

The defining quality of MNOs as a context for OB is that they actively manage assets in several nations rather than only engaging in market transactions across national boundaries. MNOs include businesses and non-governmental organizations (NGOs). Like other organizations, they exchange resources with and maintain legitimacy in relation to an environment, and they deal with internal differentiation and the corresponding need to coordinate activities and promote a common identity. Because of these similarities to other kinds of organizations, Roth and Kostova (2003) note that scholars who have reviewed their work have questioned whether or not MNOs provide a sufficiently distinct context to warrant any special attention. Their view and ours, however, is that MNOs add to the features that they share with other organizations a number of characteristics that make their organizational behavior processes distinctive. Notably, while all organizations deal with an environment and with internal differentiation, the multinational context links departmental differentiation to a very culturally and institutionally diverse environment. They do so to an extent that is only shadowed in a much less substantial way by other organizations, even by those operating in multiple locations within a single nation. For example, the sub-units of a MNO must contend with societal differences in employee diversity, customers, competitors, and suppliers, as well as in economic and government institutions that are of a far greater magnitude than must purely domestic organizations. The link of organizational structures such as manufacturing facilities, major sales operations, or R&D centers to national norms and formal institutions such as laws and governments makes organizational behavior in MNOs particularly uncertain and challenging (Roth & Kostova, 2003). The challenge is compounded by geographic and temporal distance that makes using ordinary face-to-face social interactions to transfer knowledge and resolve conflicts cumbersome.

Given that the multinational organizational context matters the next step is to provide a theoretical structure for analyzing the nature of its effects. That is, we must answer the question of exactly how this 'multinational-ness' of the organizational context advances our understanding over and above what happens in a purely domestic context (see Feldman, 1997). In this introduction to the special issue about MNOs as a context for organizational behavior research, we answer this question by providing a taxonomy of the types of contributions that this context offers to OB, give examples of recent research that illustrate each type of contribution, and highlight and position the contributions of the articles in the special issue within this framework. We also identify several themes in OB research and research about the MNO context that has the potential to be integrated in future research.

Theoretical Implications of the MNO Context

Our taxonomy draws from several recent articles that examine how either MNO context, cultural context, or national context affects various aspects of management and international business research (Kirkman & Law, 2005; Leung, Bhagat, Buchan, Erez, & Gibson, 2005; Roth & Kostova, 2003; Werner, 2002) as well as from a recent analysis of the implications of context for OB (Johns, 2006). Each of these reviews suggests that national, cultural, or MNO context matters for management and international business research, but none focuses specifically on the distinctive contributions that studying the MNO context can make for organizational behavior research and theory.

In Table 1 we identify the different ways in which OB scholars can give the MNO context theoretical meaning. The rows of the table refer to three kinds of contextual influence, while the columns represent three aspects of the MNO context. To select research examples for the nine resulting cells, we reviewed articles based on research done within MNOs that have been published in the most recent 3 years of issues of major U.S. and European management and international management journals. We also occasionally reference earlier publications and comparative studies not done in MNOs, particularly to explain cells for which we found few recent MNO research examples.

Kinds of Contextual Influence

Johns (2006), in analyzing the implications that context in general has for OB, defines contextualization as '. . .situational opportunities and constraints that affect the occurrence and meaning of organizational behavior as well as functional relationships between variables' (p. 386). Consistent with the main categories of context effects that Johns' definition implies, we suggest that the MNO provides a context that can be unique in any of three ways—(1) *frequency of occurrence*: extremes occur on a variable for which there is an established OB literature that makes its relationship with other variables more obvious than in non-MNO research where variance is relatively restricted; (2) *functional relationships*: an extreme or set of extremes produce a cusp or moderator effect in the relationships among variables; and (3) *nuanced or unique constructs*: something unusual or unique about the MNO context produces nuances in a known construct, unusual configurations of known variables that are ordinarily overlooked, or occasionally even qualitatively unique constructs.

Aspects of MNO Context

These three kinds of contextual influences can be applied to three aspects of the MNO context: organizational characteristics of MNOs *per se*, formal institutional characteristics of their environment, and cultural/normative characteristics of their environment. In combination with the three kinds of contextual influences, these three aspects of context form the cells in Table 1.

Organizational context

MNOs have several distinctive characteristics as organizations. These characteristics include high levels of organizational complexity and a distinctive set of structures that are used to manage a pool of

Table 1. Multinational organizations as a context for OB research

	Organizational context	Formal institutional context	Cultural context
Frequency of occurrence	Complexity and preferences; Norms, learning, and performance; Geo-cultural diversity and conflict	Unfamiliarity with laws and HR litigation; Legislation affecting absence; Education systems affecting quasi-staff	Culture and role expectations; National culture and personal values; Gender pay difference and discrimination; Value differences and adjustment
Functional relationships	Context uniqueness and mentoring importance	Regulation, domestic	Ethics norms, location, ethics judgments; Organization support, cues to upward influence
Unique or nuanced constructs	Strategic human resources; Language politics; Expatriates (vs. domestic transfers); Dual identity	Labor union functions; Legal system limitations	Team metaphors; Power relations; National business systems; International virtual teams

common resources and to transfer complex knowledge over distance. MNOs are often large and require numerous linkages to a diverse external environment. The distinctive structures that they use to handle these demands include roles such as expatriates and unique categories of managers, as well as coordinating mechanisms such as international virtual teams.

OB scholars draw most heavily from two literatures to develop theory about the implications of MNOs as an organizational context. One is the structural contingency theory literature that analyzes dimensions such as formalization, specialization, or organic/mechanistic design (e.g., Donaldson, 2001). Another is a distinctively international organization design literature, which proposes that MNOs create managerial roles and structural arrangements to operate a complex network of differentiated subsidiaries to respond to the opposing forces of local responsiveness and global integration (Bartlett, 1986; Ghoshal & Bartlett, 1990). In addition, OB scholars studying MNOs as an organizational context occasionally use concepts from organization-level models of knowledge transfer, social capital, and institutions.

Formal institutional context

Nation states are fundamentally formal institutions that only roughly correspond to informal institutions and cultural characteristics. Formal institutional characteristics of the MNO context include national government structures, laws, and legal enforcement mechanisms. Formal institutional characteristics in an MNO's context affect internal OB in two quite different ways. One effect is due to the variability among nations in specific laws, and the other is due to variability in enforcement and voluntary compliance—the extent to which formal institutions actually control the HR policies and practices of MNOs and the behavior of their employees.

Such differences in formal institutions are also encountered by organizations operating across states, provinces, territories, or parishes within a single nation. However, both the degree of difference and the nature of conflict resolution mechanisms such as courts, established procedures or governmental coercion implemented by a military differ within a nation as compared to between nations. In addition the MNO is influenced by international law in the form of legal agreements and treaties between countries and from international institutions such as the World Trade Organization and the United Nations. The nature of differences in formal institutional influence particularly affects the way organizational behavior processes are managed through the human resources policies that are legally permitted and practices that are used in MNOs.

Working across boundaries requires dealing with differences in and relationships between governments and associated legal and regulatory systems. Such formal institutions have a substantial influence on organizational behavior. Differences in labor laws, union laws, and other human resources regulations as well as governmental constraints on moving employees across borders have direct implications for OB. Sometimes, governments also seek to directly influence the socialization process of people in their society in ways that appear as OB issues by attempting to control education, official languages, the media, or religious choice.

Cultural context

Cultural characteristics include informal or normative aspects of an MNO's institutional environment. Informal institutions or cultures are more about societal norms than about individual psychology, but cultural characteristics are often reflected in profiles of values or other cognitive characteristics that are typically found among individuals in a society (Gelfand, Erez, & Aycan, 2007). These sorts of

differences are represented in a body of comparative literature that shows national differences in the structure of values and cultural norms (Hofstede, 2001; House, Hanges, Javidan, Doerfman, & Gupta, 2004; Inglehart, 1990, 1997; Schwartz, 1992), structures of roles, rules, and norms (Smith, Peterson, & Schwartz, 2002), systems of beliefs about causal relationships (Leung et al., 2002), and informal institutions of other sorts (Kostova & Roth, 2002). While recognizing cultural differences within nations (e.g., Lenartowicz & Roth, 2001), international comparative studies continue to suggest that multinationals encounter an even more culturally varied context than do most domestic organizations. The comparative literature is often brought into analyses of multinationals given that they operate in a variety of geographic locations in which such differences might be expected.

The most frequently studied cultural characteristics in international management and cross-cultural psychology are forms of individualism and collectivism. As cross-cultural constructs that are used in studies of MNOs, these illustrate the confusion that can occur between concepts with the same names that are used at different levels of analysis. For example, the GLOBE project uses these terms to describe characteristics of societal norms and social institutions. The project distinguishes between institutionalized norms of societies that might support choices in voting and market mechanisms for arranging employment, and in-group collectivism that reflects societies structured around tight trans-situational networks of close relationships (House et al., 2004). The roughly analogous individual counterparts to these societal constructs have been linked to personal values and to cognitive structures that connect or separate an individual from others (Markus & Kitayama, 1991; Oyserman, Coon, & Kemmelmeier, 2002). The relationship between cultural and individual constructs is complex, but culture generally has a stronger effect on what people understand well or find normal than on what they personally value. In our analysis of the MNO context, we focus on nation- or society-level concepts leaving individual-level concepts as aspects of OB issues in MNOs that may be affected by context.

Multiple kinds of context

Any concrete empirical study of OB in multinationals needs to consider all of these kinds of context simultaneously. For example, a study of an MNO operating in several nations is simultaneously affected by organizational differences in how the operations in each nation are managed, formal institutional differences in laws in each nation, and the systems of norms and other cultural institutions in each nation. Many studies deal with these simultaneous influences by focusing theory on one or another kind of context and providing research designs and rationales that seek in some way to hold less relevant kinds of context constant. Most of the examples we provide highlight one kind of context in this way, although in several instances the same study considers the implications of several kinds of context.

Frequency of Occurrence

The simplest implication of the MNO context for organizational behavior is that it creates a situation in which extreme levels of variables occur that rarely occur in domestic contexts (Johns, 2006; Roth & Kostova, 2003). In this case, the MNO context does not require any modification to theories designed for domestic application, but simply provides a setting in which such theories can be tested in a particularly powerful way. An MNO's organizational complexity, varied formal institutional contexts, and varied cultural contexts create a potential for high levels of variety in the situations to which

members in different parts of the MNO react. Since relationships between OB variables are affected by variance in both predictors and criteria, studying a MNO context in which extremes occur has the research advantage of helping to identify relationships that are less obvious in research in a domestic study. Although this is one of the most frequently mentioned advantages of studying OB in an international context, our review indicated that it was usually an implicit advantage of which even the authors of the studies we reviewed seemed unaware.

MNO as an organizational context

The MNO literature includes three recent OB studies that take advantage of variance in OB variables due to the high degree of structural complexity, geographic dispersion and department specialization, and internal cultural complexity of MNOs. Newburry and Yakova (2006) analyze a multinational public relations firm that is structurally complex in the sense that it needs to deal with both situations of high interdependence between offices for its MNO clients and low interdependence for its domestic clients. Among the implications of this complexity are that individual managers have widely varying preferences for standardization depending on whether they experience high work interdependence because they deal with global clients, or high local embeddedness because they deal with local clients. A manager's work interdependence and local embeddedness predict the manager's preferences about whether work procedures should be standardized. Zellmer-Bruhn and Gibson (2006) find support for hypotheses that an organization-level emphasis on global integration, local responsiveness, and knowledge management norms will predict team learning and, ultimately, task performance and the quality of interpersonal relationships. While all organizations make choices about how fully to integrate operations and manage knowledge, the geographic dispersion and degree of unit specialization that are possible for an MNO open up the option of unusually challenging, complex extremes in these variables. Polzer, Crisp, Jarvenpaa, and Kim (2006) created globally dispersed teams of MBA students in a way that experimentally simulated a MNO's choice to disperse functions such as technology development or strategic planning among its various national operations. They found that groups that had only two clear geographic subgroups showed more process problems than did groups having members that were evenly dispersed among more than just two locations. They also found that having just two nationalities rather than a larger number exacerbated conflict between subgroups. This combination of geographic and national/cultural differences reflects a design characteristic of MNOs. In each of these studies, the relationships found among OB variables were likely to have been more evident because of additional predictor and criterion variance because of characteristics of MNOs as a research context than they would have been in a study of an organization operating within a single nation.

Formal institutional context of MNOs

Labor laws, union regulations, educational programs affecting workforce composition, and other matters controlled by governments vary substantially among nations (Rousseau & Schalk, 2000). Three cases of Japanese companies operating in the U.K. demonstrate the greater degree of autonomy of work-group level initiatives accepted in the Japanese as compared to the U.K. system (Saka, 2004). The degree of autonomy that work groups experience is affected by formal institutional characteristics such as legislation about labor union functions, as well as by MNO and cultural characteristics. An MNO operating in both nations will face more variability in group autonomy than an MNO operating in just one or the other.

Examples of the implications that formal institutional variance has for OB processes are implicit in a growing strategy literature about the *liabilities of foreignness* that MNOs experience. For example, stresses in what are fundamentally OB processes that occur when non-U.S. organizations operate in the United States are reflected in a larger number of adverse legal judgments about labor law issues than are experienced by U.S.-based organizations. A Japanese organization is likely to experience and need to learn to deal with the implications of greater gender diversity in their overseas facilities than is typical at home (Mezias, 2002). Whether these stresses are due simply to the learning process that a MNO goes through to understand unfamiliar laws, how to comply effectively, or how to resolve interpersonal issues before litigation occurs, is not clear. Nevertheless, in coming to the U.S. from abroad, MNOs increase the variance in the legal frameworks that they must consider when dealing with OB issues as compared to what they experience at home.

In addition, HR systems that MNOs experience at the level of institutionalized business systems vary among nations due to differences in governmental support for education systems. The links between an organization's own system of developing employees having needed professional, managerial and technical skills with universities will vary more between than within nations. For example, Japan-based MNOs experience more links with universities as sources of technical staff holding advanced degrees and with faculty in quasi-employee status acting as long-term collaborators when they establish operations in the United States (Lam, 2003) than they do at home. Comparative analyses of psychological contracts that consider the compensation and benefits provided in different nations (Rousseau & Schalk, 2000) suggest that MNOs do not only experience more variance than domestic organizations in education, but also in a broad range of HR practices that are influenced by legislation.

Cultural context of MNOs

Studies that take advantage of variance in OB variables because of cultural differences are frequently based on research about culture dimensions, although aspects of normative institutional context are also occasionally considered. For example, Yaconi (2001) studied employees and managers in a MNO's European operations to understand national differences in each party's expectations about the roles that they should fulfill. The study's contribution was to show variance in expectations and in differences between the two groups' expectations that could be explained by national cultural differences documented in other research (Schwartz, 1994; Smith et al., 2002). Another team of scholars has conducted a number of analyses of data collected in the U.S. and Hong Kong branches of the same multinational bank. They found more variance in the personal values of individualism and collectivism than is likely to be found in just one nation (Lam, Chen, & Schaubroeck, 2002; Schaubroeck & Lam, 2002). For example, one of these studies identified a path from job autonomy and task complexity to cohesiveness and ultimately to performance (Man & Lam, 2003). Some of the paths were moderated by the personal values (not national characteristics) reflecting individualistic versus collectivistic preferences of work group members. The study reflects a trend in a number of international OB studies to emphasize personal values rather than national culture dimensions, while taking advantage of the fact that data are collected in multiple nations to increase the likely variance in personal values.

Instead of or in addition to using specific dimensions from large-scale comparative culture research, some MNO studies build arguments about cultural or normative institutional characteristics based on the particular OB processes of interest in a particular study. For example, Ling, Floyd, and Baldridge (2005) extend a theory about a form of upward influence, described as issue selling, by focusing on the cultural aspects of a MNO's context. They argue that a local subsidiary manager's choice about whether and how to sell a local issue to headquarters managers is affected by four aspects of the culture (e.g., individualism-collectivism, status identity, tolerance for ambiguity, specific-holistic) in which the local

manager was socialized. Implicitly, their argument is that culture increases variability in issue selling behavior in MNOs as compared to what is found in domestic organizations. Rather than relying on culture dimensions, Lam and Dreher (2004) construct an argument around the issue of cultural or informal institutional difference in norms about gender discrimination in an MNO that operates in the U.S. and Hong Kong. Including the facilities in both nations has the potential to increase variance in norms about gender discrimination as compared to doing the research in just one nation. They conclude that the choice to be involved in the external labor market is a better explanation for pay discrepancies between men and women than is institutionalized norms of gender discrimination.

Implications of cultural backgrounds for increasing the variance in personal attitudes and values in a sample also are apparent in the literature about expatriates. That is discrepancies between personal values and perceptions of the prevailing values in the location where one works are likely to be greater for expatriates than for people in domestic assignments. For example, Van Vianen, Kristof-Brown, and Johnson (2004) find that expatriates who see themselves as considerably more concerned for the welfare of other people (Schwartz's self-transcendence dimension) than they view people in their host context as being have adjustment problems. Since international comparative research shows that average self-transcendence values differ among nations (Schwartz, 1994), the effect of such discrepancies could well be masked for managers transferred within their home nation in which the variability in such value differences is likely to be more limited than in MNOs.

Frequency of occurrence: implications for future research

As we reviewed examples of studies that take advantage of extra variance in OB variables in the MNO as compared to domestic context, we noticed two characteristics that we had not anticipated from literature advocating this reason for studying MNOs. One is that the authors of the studies we found do not explicitly indicate that studying the MNO context added sensitivity or power in identifying the relationships they had hypothesized. That is, the phenomena and relationships studied are expected to be present in domestic organizations, so the significance of the international context is underplayed. Our view is that even though the impressive sorts of moderator effects or qualitative differences that we will turn to in the following are not present, the variance advantage is a contribution that should be recognized and emphasized in research done in MNOs.

A second characteristic is more evident from studies that rely on the cultural rather than the organizational or formal institutional context characteristics MNOs. Cultural or informal institutional differences that produce extra variance in a variable can also change the meaning of a variable. For example, if *variance* in personal individualistic values is greater in a study that includes both the U.S. and Japan than in one that includes just one of these nations, so may the *concept* of individualistic values differ substantially. Such differences show up as differences in reliability or other aspects of measure structure that cannot be explained as simple translation problems. Many comparative studies show that OB measures designed in one cultural setting do in fact translate well and appear to be meaningful in other cultural contexts. Nevertheless, as we discuss in the section about nuanced and unique constructs, MNO context characteristics that produce extremes can also produce differences in the meaning of OB concepts that make it impossible to take advantage of increased variance.

Functional Relationships

A way in which the MNO context has an even more substantial effect on OB than by increasing predictor and criterion variance is when it affects the relationship between predictors and criteria. This

can occur when functional relationships differ between the MNO and other contexts, or when they differ among the geographic divisions of an MNO. When viewed from a process perspective, changes in functional relationships are sometimes described as occurring at a *cusp*. A cusp is a point at which a certain level of some continuous contingency variable produces a qualitative shift in OB processes or internal management practices. When viewed from a variance research rather than a process perspective, OB scholars talk about limiting conditions or a moderator effect such that relationships between variables differ (Leung et al., 2005; Roth & Kostova, 2003).

MNO as an organizational context

Analyses of differences in functional relationships that consider the MNO as an organizational context mainly contrast MNOs with domestic organizations rather than contrast different geographic divisions of a single MNO. For example, Mezias and Scandura (2005) theorize about aspects of the MNO organizational context that have the potential to dramatically increase the effects of mentoring on manager adjustment. They present propositions about whether formal or informal, hierarchical or peer mentoring practices are most helpful to expatriates at different stages in their assignments. Whereas mentoring promotes adjustment even in domestic transfers, the broad scope of not just work but family life issues for which the expatriate and family have inadequate tacit knowledge creates added 'stress, uncertainty and ambiguity' (p. 524). In this case, the cusp that is reached on a continuum of adjustment stress is a point where the sorts of personal and work adjustment processes that spontaneously occur in domestic transfers break down. The variables that produce this cusp include a combination of MNO characteristics such as potentially very different organizational cultures in different locales, formal institutional characteristics such as laws affecting the expatriate's and family's living situation, and societal culture characteristics. Thus, mentoring is likely to have more substantial implications in expatriate than in domestic transfer situations. Typical of analyses of expatriates, the propositions focus on expatriates, while the theory base compares them with domestic employees.

Formal institutional context of MNOs

Analyses of the implications of formal institutional contexts for functional relationships typically compare divisions of the same MNO, particularly the headquarters with one or more geographic divisions. They also tend to consider cultural or normative institutional differences as well as differences in laws and legally established institutions. Several ethnographic studies deal with the way in which formal institutional and cultural factors combine to influence the effects of HR practices. Although most of this research does not use the language of moderators, a main theme is that the effects that an HR practice has in the headquarters of an MNO will often not be found in a subsidiary. For example, Edward, Almond, Clark, Colling, and Ferner (2005) analyze five U.S. MNOs operating in the United Kingdom to argue that the companies' attempts to transfer HR practices were based on presumably universal information processing and resource-based theories that neglected to consider many aspects of the distinctive institutional context of the U.K.

Cultural context of MNOs

The way in which culture most frequently appears in studies of functional relationships between OB variables in MNOs is to hypothesize differences in how people working in the culturally different

national contexts of MNO divisions will respond to the same situation. For example, the cue of perceived organizational support has been found to stimulate upward influence attempts of MNO subsidiary managers in collectivist more than in individualist nations (Ling et al., 2005). Further, the national culture of the location to which an expatriate is assigned can switch the normative frame of reference that the expatriate uses for making ethical judgments. In an analysis of ethical judgments in decision making (Spicer, Dunfee, & Bailey, 2004), managers working for multinationals on expatriate assignments in Russia responded to some ethical situations differently than did U.S. managers working at home. For judgments about issues for which there are universal business norms the manager's location was inconsequential. However, for judgments about issues for which local norms differ, the manager's location affected ethical judgments. The cultural context in which a manager worked produced a culturally predictable shift in the frame that managers used for making a judgment.

Functional relationships: implications for future research

Difference in functional relationships among OB variables is an obvious reason for studying the MNO context. Differences between MNOs and domestic organizations in functional relationships between OB variables are most frequently seen in studies about the unique characteristics of the role of expatriates and the process of expatriation as organization characteristics of MNOs. Managing expatriates and expatriate transfers is simply more multifaceted and complex than managing domestic employees. The functional relationship between HR practices including compensation and mentoring programs and outcomes like performance and turnover differs between the two groups.

Studies of differences in functional relationships that compare different geographic divisions of the same MNO typically follow the same sort of logic about cultural or normative institutional context differences that are considered in comparative research. Bhagat, Kedia, Harveston, and Triandis (2002) make the parallel between these MNOs and comparative studies explicit when explaining their model of factors influencing the effectiveness of transferring different types of knowledge. They argue that such transfer will be moderated by characteristics of the cultures of the sending and receiving parties regardless of whether the parties are in the same MNO or in different organizations. Studies focusing solely on formal institutional context as moderator are challenging, since when studying OB processes, competing explanations between legal and informal predictors tend to require attention together. Consequently, a line of analysis has developed about national business systems that seeks to explain why the multiple factors that distinguish among nations limit the extent to which the effects of practices developed in one nation will have similar consequences in others.

Nuanced and Unique Constructs

Organizational, governmental/legal, and cultural conditions can also produce phenomena that are obviously important in MNOs, but that are less obvious or sometimes not even present in domestic contexts. Roth and Kostova (2003) refer to such characteristics of the multinational context as producing differences 'in kind' (p. 885) that have the potential of 'enriching the theoretical model itself' (p. 889).

MNO as an organizational context

The organizational characteristics of multinationals change some aspects of the nature of human resources functions as compared to domestic organizations. A particularly important change is that

human resources functions that are handled routinely as implementation issues in large domestic organizations often need to be part of the strategic planning process in multinationals because it may not be possible to implement strategic decisions without considering HR. For example, in domestic organizations located in nations having a developed labor market, staffing a new operation is largely a problem of arranging adequate compensation and engaging in known methods of recruiting. However, for a multinational, particularly when operating in a developing nation, whether or not adequate managers can be recruited and hired can have strategic significance. The option of transferring managers to facilitate a greenfield startup plant in a new nation requires considering whether the receiving nation will have adequately qualified staff and allow the appropriate visas.

The social dynamics surrounding language use is another example of a relatively routine OB issue for domestic organizations that has strategic significance in MNOs. Issues of what language is spoken at work appear in some domestic organizations, particularly at lower hierarchical levels, but have significance for power, communication and networks at professional and senior managerial levels of MNOs. In an international acquisition, the question about which party exerts most control over strategic choices is sometimes answered by which has the largest ownership interest. Vaara, Tienari, Piekkari, and Santti (2005) argue that a better predictor of which executives will control the company's future is which party's language becomes dominant.

In addition to establishing HR policies about issues that tend to be downplayed in domestic organizations, MNOs create distinctive roles not found in domestic organizations. The complex configuration of issues that come into play when a manager is transferred to another nation is so well recognized that its theoretical significance is easily overlooked. The geographic diversity of the MNO requires that taking on an expatriate assignment often involves adjustment to a new country as well as to new working conditions. This qualitative change to expatriate status reflects a broad recognition that relocated managers in multinationals face a configuration of cultural, legal, and personal/family challenges that are unique or nuanced aspects that do not exist in other contexts (Feldman & Thomas, 1992). In addition to specifying and testing numerous individual-level antecedents to expatriate adjustment and effectiveness (for a review see Thomas & Lazarova, 2006), expatriation research has attended to the effects of contextual factors such as organizational support (Guzzo, Noonan, & Elron, 1994; Stroh, Dennis, & Cramer, 1994) and cultural novelty (Black & Gregersen, 1991; Janssens, 1995; Parker & McEvoy, 1993; Takeuchi & Hannon, 1996) and that the performance of expatriates involves facets such as the ability to develop relationships with local nationals as well as task accomplishment (see Caligiuri & Day, 2000).

The nature of the expatriate role as an intermediary between headquarters and a distant operation also creates a distinctive organizational problem of identity. Complexity in multinationals takes on a qualitatively different nature than in domestic organizations because one aspect of complexity, nationality, is closely linked to early childhood socialization. National identity and corporate identity are more often made salient by the geographic diversity of the MNO (Gregersen & Black, 1992). Such identity issues can be particularly contentious when combined with differences in compensation practices that a MNO uses for expatriates as compared to local employees doing comparable work (Reynolds, 1997).

Formal institutional context of MNOs

National differences in laws and compliance mean that each geographic division of a MNO can face OB and HR issues not faced in others. Among the highly varied labor relations situations that MNOs experience are the *spring offensive* in union negotiation in Japan, codetermination in parts of Europe, and unions specifically designed for foreign-owned companies in China. Attempting to represent these

using concepts developed to explain domestic labor relations in any one nation leaves out so much that treating them as being conceptually distinctive is likely to be more theoretically useful. Also, histories of legislation in the nations in which the multinationals operate create unique situations, such as with diversity issues and diversity programs. For example, Ferner, Almond, and Colling (2005) describe ways in which U.K. legislation about the role of labor unions in diversity issues promoted resistance by HR and line managers when a U. S. multinational tried to transfer a policy that links manager performance to reaching diversity goals.

Apart from differences in the content of particular laws, national differences in the extent to which formal institutions actually have influence produce phenomena that will be more familiar in some nations than in others. Where laws are not uniformly followed or enforced, then issues such as equity, justice and trust take on special prominence. These issues have been of particular interest in studies of OB in multinationals, as well as in the closely related work about the force of personal and social processes in interorganizational relationships (Luo, 2005; Madhok, 2006).

Cultural context of MNOs

The cultural context of the MNO offers the opportunity to explore OB constructs that are either unique to or particularly prominent in specific cultural contexts. Examples of such indigenous constructs are *sympatia* in Hispanic cultures, *amae* (indulgent dependence) in Japan, and *guanxi* in China. For example, Gibson and Zellmer-Bruhn (2001) explain the cultural basis for differences in whether organization members use metaphors about military, sports, community, family, or associates to describe team processes in MNOs and then develop the implications for the way teams should be managed in different locations of the same MNO.

A recognition of ways in which cultural norms about communication affect social processes in OB appears in studies of intercultural interaction in MNOs. Research about multicultural teams and multicultural virtual teams indicates that cultural diversity is typically at the fore in the operation of teams in MNOs. Baba, Gluesing, Ratner, and Wagner (2004) provide an ethnographic analysis that explains a number of dynamics in the development of globally distributed teams within an MNO. Some of their propositions use constructs and suggest relationships that are likely to be unique to MNOs. Notably, alliances among managers based on culture, language, and geographic factors affecting ease of personal contact are shown to have the potential to affect the development of alliances and leadership structures within multicultural teams. Current studies of international virtual teams in MNOs treat them as relatively unique, although further research may allow some of the uniqueness to be reinterpreted in terms of frequency of occurrence or functional relationships.

Nuanced and unique constructs: directions for future research

Identifying the previously unstudied, underemphasized, or unique is one of the major potential contributions of MNO research. International considerations stimulated the development of new theories of social cognition that link the self and other individuals into groups (Earley, 1989; Erez & Earley, 1993; Markus & Kitayama, 1991) and identity theories that link the self with even larger social groups (Tajfel & Turner, 1986). Studies of attempts by Japanese to transfer domestic practices to the U.S. and Europe stimulated the development of theories about organizational culture. Ethnographies and case studies that are systematically compared against existing theory continue to prove especially useful methods for identifying topics in need of further research. As ways of representing the combined influence of formal institutional influence and cultural or informal institutional influences, analyses of

national business systems appear to have particular potential for aspects of OB that are also affected by HR policies and practices.

In the preceding discussion we provided a taxonomy for understanding the types of contributions that the MNO context offers to Organizational Behavior. By identifying three kinds of contextual influence and three aspects of the MNO context we demonstrated the uniqueness of this context in explaining organizational behavior. We now turn our attention to the articles in this special issue.

Contributions of Articles in the Special Issue

The three articles appearing in this special issue share the fact that, either explicitly or implicitly, they recognize organizations as multi-level systems. While contemporary theories of organizational behavior all have an historical basis in this recognition, most organizational science has been divided into organizational, group or individual levels (Kozlowski & Klein, 2000). The recognition of the organization as a multi-level system was critically important for these manuscripts because of the requirement to specify the relationship of the unique multinational organizational context to the organizational behavior phenomenon on which they focused. In the following we briefly describe the contributions to this special issue and locate them in the taxonomy of MNO effects described previously.

Identity, expatriates, and host country nationals

The Toh and DeNisi paper provides an example of examining a phenomenon unique to MNOs by drawing on existing OB theory, while also introducing context-specific variables. Drawing on social identity theory as its foundation this article explores the relationship between characteristics of both expatriates and host country nationals on expatriate adjustment. The central protagonists in the causal relationship proposed are Host Country Nationals (HCNs) and their role in expatriate adjustment through behavior that facilitates expatriate socialization and subsequently adjustment. Explicit in the arguments presented are the cross-level role-sending characteristics of the organization. That is, it is the influence of organizational context through constructs unique to the MNO, as discussed in the lower left cell of our taxonomy, which is the focus of this article.

The focus on HCNs highlights the importance of considering all the employees of a MNO as opposed to the more common focus on expatriates. In addition the article suggests the need to examine additional individual differences of both expatriates and HCNs (e.g., global mindset, cultural intelligence) that might facilitate socializing behaviors, and also the potential for other organizational characteristics that suggest a climate of mutual caring and support.

Identity, categorization, and appropriateness

The Cooper, Doucet and Pratt article presents a theory of *appropriateness* that is derived from the distinctive context of the MNO. The internationalization, integration, and staffing practices of the

MNO are hypothesized to influence the likelihood of cross-national interactions and the likelihood that nationality will be a salient comparison point between and among individuals, which in turn impacts both in-group/out-group categorization and assessments of the appropriateness of behavior. This effect is most clearly an example of the effect of organizational context through differences in frequency of occurrence of perceptions and behaviors across MNOs, and thus would fall in the upper left cell of our matrix. That is, while social identity theory plays a central role in the arguments presented, the effects of social identity dynamics are not fixed. Rather, it is the structural and staffing policies of the organization that indirectly determine both the likelihood that appropriate assessments will be made, the magnitude of these assessments, and the ultimate outcomes of appropriateness assessments, such as conflict, goal attainment, and cohesion. These indirect organizational effects are also shown to potentially be moderated by individual-level variables such as beliefs about miscategorization and cultural intelligence. These moderating effects can be thought of as examples of another of the modes identified in the matrix, the effect of cultural context through a functional or moderating relationship. The authors go on to discuss how phenomena at the individual level of analysis and cultural diversity interact to influence individual-level outcomes.

The multi-level perspective presented here involves the individuals and dyads embedded in the multinational organizational context. A number of theoretical extensions of the model presented can be identified including the consideration of how specific cultural orientations of individuals affect the proposed relationships and also examination of the influence of other characteristics of MNOs, such as the geographic dispersion of personnel.

Identity, roles, and structures

The Vora and Kostova contribution also draws on social identity theory to develop a model of psychological attachment in the MNO called *dual organizational identification*. The MNO provides a unique context in which to examine this phenomenon because, according to the authors, the complexity of the MNO results in an equally complex set of organizational roles. Their model proposes that both the type of MNO and country-level characteristics of institutional and cultural distance influence the form and relative magnitude of dual organizational identification. In terms of our taxonomy, this article provides an excellent example of the influence of a distinctively international organizational context through the relative magnitude of difference found in the MNO context. It also identifies the influence of both organizational and cultural context on conceptualizations of organization identification that are unique to this context. The specified consequences of dual organizational identification include an influence on managerial role taking that is specific to the multinational context, and on subsidiary-parent cooperation, knowledge transfer, and role conflict. The reliance on role theory as an important mechanism in theorizing across organizational levels is apparent here. In addition, this article integrates perspectives from the international management and OB literatures to provide a richer description of the process underlying psychological attachment in a unique context. A logical next step in the development of this theory, as recognized by the authors, is the inclusion of individual-level antecedents. Both the cultural profiles of individuals and the nascent construct of cultural intelligence are obvious choices as are individual-level constructs identified in the existing literature on identification.

For example, the geographic dispersion typical of MNO structure constrains communication by increasing the extent to which electronic media rather than face-to-face interaction is used to solve both the social process and substantive problems encountered by groups. Consequently, studies of the relationship between media use and such phenomena as group cohesion, problem-solving success, or progress through group development stages are likely to show more predictor variance and provide

better tests for hypotheses if studied in MNOs as compared to in domestic organizations. The MNO context also has the potential to produce extreme degrees of role differentiation. Like a number of other implications of MNO design, this issue of group problem solving over distance is generally combined with issues of culture difference to produce a literature that treats the MNO context as distinctive rather than as providing extremes on an established variable. In this case, the literature is about international virtual teams in MNOs.

Conclusion

The distinctive qualities of organizational behavior in MNOs result from the multiple cultures, multiple institutions, the physical and social distances and the resulting organizational characteristics that distinguish MNOs from single-nation organizations. These qualities of MNOs give studying OB in MNOs the potential to contribute insights into basic psychological, social, and organizational phenomena that are frequently studied in organizational behavior.

The recent literature about organizational behavior in multinationals is enticing. Some studies take advantage of the extra variance in OB variables that the MNO context provides. However, this advantage is more evident when scholars comment on the potential of this context than when scholars report research actually done in this context. We also note that issues of possible response bias differences and measure equivalence issues may partially constrain the ability to take advantage of the MNO context in this way. Studies that consider differences in functional relationships between OB variables either between MNOs and domestic organizations or in different parts of MNOs face theoretical challenges. Some studies focus on discrete moderator or contingency variables. However, the MNO context is sufficiently multifaceted that thinking in terms of complex national systems may be more appropriate than in terms of discrete more readily theorized contextual variables. Nuanced or unique OB concepts that appear in the MNO context include the unique nature of expatriate roles and specialized organizational structures and managerial roles, as well as culturally distinctive variants of OB concepts like leadership or commitment. The degree of uniqueness in meanings should neither be casually overplayed, nor entirely discounted.

Each of the articles in the special issue draws from the generic OB theory of social identity as well as from ideas about distinctive aspects of OB as it appears in a MNO context. These include ideas about mentoring roles by host nationals, managerial roles linked to distinctive features of MNO design and social norms defining the appropriateness of behavior. We hope this special issue sparks interest in the MNO as an important context for the study of organizational behavior.

Acknowledgements

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