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## Knowledge management in human resource management: Foreign-owned subsidiaries' practices in four CEE countries

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**Abstract.** Knowledge transfer is strategically important for general sustainability of business, and this contribution aims to provide some insights into one specific area – the complexity of human resource management in foreign-owned subsidiaries – especially in the light of longitudinal empirical research undertaken in 2011-2013 and 2015-2016. Knowledge management and knowledge transfer play a critical role in HRM at the local level and also between HQ and local subsidiaries.

**Keywords:** knowledge management, foreign subsidiaries, human resource management, expatriates, competitiveness.

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## 1. INTRODUCTION

Knowledge is the ability to take action (Davenport-Prusak, 2001). According to the concept originally developed by Mihály Polányi (1967), the ability to act is created continuously by simple awareness. Knowledge is a complete system of rules for practical or intellectual types of activity, in the light of actions of the others and the ability to review and modify our rules of procedure.

In business, Sveiby (2001) identifies knowledge with the concept of competence, but, due to the nature of knowledge, the issue is very complex. Being in no way static, our knowledge is constantly changing. "Knowledge is power" is an old and well-known saying and it obviously assumes that knowledge is acquired and systematized over time. However, a recently introduced rider to this notion asserts that, whilst knowledge is indeed power, if properly managed and shared, it can be multiplied. Amongst other effects, this encourages companies to acquire new knowledge (Allee, 1997). More and more companies recognize the potential competitive advantage in knowledge – which is, of course, why they make serious efforts to create conditions for continuous individual and organizational learning (Martensson, 2000; Steyn, 2003).

## 2. LITERATURE REVIEW

### 2.1 Knowledge management and knowledge transfer

Knowledge management is nothing more than the *integrated management* and sharing of an organization's employees' *collective knowledge* (know-how, skills and intellectual abilities). Knowledge management comprises all knowledge and activities necessary to understand, use and promote the transformation of knowledge capital and, further, to make it serve organizational knowledge (Myers, 2015; Martynenko, 2015). The knowledge acquisition of an organization's employees could be significantly increased by improvements to the efficiency of knowledge management, thus improving their own performance and so contributing to the improvement of the organizational performance as well (Martensson, 2000).

Knowledge can be divided into two major groups. One of these is *formalized* and easily transferable knowledge, whilst the other is termed *latent (tacit)*. The latter, however, is not formalized and so is difficult to transfer (Polanyi, 1967). In addition, this type of knowledge is not to be found in any company documents and can be difficult to pass to others. Special knowledge can usually be acquired within the framework of formal education, whilst, by contrast, latent, tacit knowledge can only be acquired 'on the job'. Organizations themselves can be said to learn by converting tacit knowledge into explicit knowledge (Nonaka & Takeuchi, 1995).

- The Internet and Intranet make access to knowledge considerably easier and better organized (especially in large companies) and they also stimulate the decentralization of knowledge. The use of knowledge ecology allows – even within large companies - conscious knowledge - sharing based on constant dialogue.
- The advance of technology has opened up a new path for the possibilities of alternative working patterns.

In the frame of working from home (in English also referred to as telecommuting, teleworking or home office) electronic mail (e-mail), the Internet and fax have made it possible for people to work in their homes without travelling to their workplaces (Dobay, 1997). This particular form is especially popular in high-tech and knowledge-producing sectors, such as computer programming and consulting. The benefits are considerable since labor costs are lower, less office space is needed and the cost and time of travel are also reduced (Galunic, 2014). There are some drawbacks, of course, such as a **lack** of direct contact with employees and the fact that continuous contact reduces the possibility of important information being

overlooked. Teleworking demands a different mentality, management and working styles. Managers do not see their subordinates every day, although this can be partly or completely replaced by regular telephone contact and messaging systems. The subordinate employee does not have the opportunity for the permanent and systematic exchange of information and communication with the manager or with other colleagues.

In our study we first examine the CEEIRT<sup>1</sup> questionnaires according to the type of learning (formal/informal), after which we consider the importance of the different types of learning from the point of view of the company. Knowledge flow makes sense in space designated by the system of the parent companies and subsidiaries (e.g. parent companies ↔ subsidiaries, between subsidiaries and within subsidiaries).

## **2.2 The international dimensions of knowledge management**

The ever more concentrated markets, the declining number of competitors and increasingly difficult entry conditions of industry force international companies to enhance research and development (Peng, 2006).

It is also not a new idea that there is a significant difference between an innovator (inventor) and a successful, profitable innovator. Levitt (1983), writes in his article "Creativity is not enough" that, even bringing together a couple of inexperienced people for a brainstorming session could produce very good ideas.

International companies are intensively searching for unique, hard-to-copy solutions, and if everyone develops and copies in the same way, it could be difficult to work out a new one. This is indicated by Bartlett and Ghoshal (1989), when it is suggested that a less formal, flexible matrix organization can be much more effective than over structured organizational solutions.

Lazarova et al. (2014:69) also suggest that one of the key advantages of MNEs (Multinational Enterprises/Companies) is that they can "develop an expertise in one country and then implement it in a new one".

Robust IT systems employed within international companies and frequent organizational changes will not really help with the sharing and transfer difficult-to-be coded knowledge within a company, and so, in addition to knowledge management, the organizational learning built into the daily work routine is an important capability (Oetringer & Monchy, 2013; Tarique et al., 2016). HRM can significantly affect this, and particularly by retaining key professionals (Scarborough & Carter, 2000).

Traditional knowledge transfer was hierarchical by nature. Regarding this, Yang et al. (2008), McGuinness et al (2013), Mudambi et al (2014), and Crespo et al (2014) find that corporate headquarters are determinants of knowledge transfer within multinational companies. Vertical knowledge transfer is characteristic of these organizations – that is, knowledge transfer goes from the headquarters to the subsidiaries. According to the findings of DeSouza & Evaristo (2003), traditional forms of vertical knowledge transfer strategies are today influenced and also changed by information and communication technologies and learning strategies. Such change is, for example, the increasing role of subsidiaries in knowledge transfer as addressed by Yang et al. (2008) or Adenfeldt and Lagerström (2008). Subsidiaries contribute not only to vertical knowledge transfer between headquarters and subsidiary since they possess knowledge which can be useful to parent companies, but they also help horizontal knowledge transfer between subsidiaries. The different aspects of these transfer possibilities are studied by Minbaeva (2007),

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<sup>1</sup> <http://ceeirt-hrm.eu/> – Central and Eastern European International Research Team, it was created corresponding author of this submission in 2008

Yang et al. (2008), Michailova and Mustaffa (2012), Dasgupta (2012), McGuinness et al. (2013), Mudambi et al. (2014), Crespo et al. (2014) and by other researchers. Traditional knowledge transfer relies on the directory. The new kind of knowledge transfer, however, is based on a global network, although Tarique et al (2016:319) emphasize that “effectively sharing knowledge and best practice across MNEs is much harder achieve”.

In connection with the discussion of the international perspectives of knowledge management it is worth returning to the classification of Bartlett-Ghoshal (1989) and looking at the knowledge management practices of the different forms of company according to Peng (2006):

- In the case of the *conventional international company*, the transfer of knowledge is very limited between the center and the local company. The local company's expatriates' fundamental task is to use the benefits offered by the parent company efficiently. Knowledge development takes place exclusively at home and is be handed over to the local company, and staff also basically flow from the center to the local subsidiary. One of the most important tasks of expatriates is to teach the locals how things are done in the center (Boyacigeller & Adler, 1991).
- In the case of the so-called *multi-domestic* enterprise, knowledge sharing is also low. The basic aim within this organizational structure is to maximize the benefits of local knowledge and competencies. Knowledge is developed locally and it remains there. Movement between center and subsidiaries is rather limited. It is the senior managers' task to teach their local counterparts how things should be done locally.
- In the case of *global companies*, there is moderate knowledge transfer. Knowledge often stays in those centers of excellence where new knowledge is developed. The intensity of personnel flow is also moderate between the center and the subsidiaries. Expatriates and local managers have the responsibility to teach the locals how to make things happen in the global centers of excellence.
- In the case of *transnational companies*, the process of knowledge production and sharing are bidirectional. This form is characterized by common knowledge development. The subsidiaries contribute to knowledge development to the extent of their ability. The movement of staff is multidirectional in this case. And, within the framework of trans-national knowledge transfer, it is the job of both foreign and local managers to facilitate joint problem solving and the adoption of global models by the locals. “The sharing of knowledge across the enterprise” (Bartlett, 2003:319) should be typical.

Howells at al. (1998) writes about four different models of knowledge transfer:

- In the “*local implementation*” model the local company relies entirely on the knowledge provided by the parent company or other subsidiaries.
- The “*local DIY*” relies on its own knowledge, and this knowledge generated in the company cannot really be used in other subsidiaries.
- The “*integration*” relies both on generated and received knowledge and the knowledge created in this way is useful for other subsidiaries.
- The “*global innovator*” is the leader of knowledge renewals within the company. The knowledge generated is largely used in the company's other subsidiaries.

The process of knowledge transfer taking place in Hungary and Eastern Europe in international companies is shown below. In our experience, at the beginning of the period of acquisitions or green-field development, expatriates are the most important knowledge transferors, and their work is often supported by internal and external consultants. With the development of knowledge and the approval of local experts, the possibility for the latter to be involved in the work of international teams is increasing and they may be invited to work abroad (Castaneda & Toulson, 2013).

After more than 25 years of transformation, top managers and key professionals from the CEE countries, and in particular from the Visegrad Four (Czech republic, Hungary, Poland and Slovak Republic), are accepted by multinational companies as highly valuable human capital for transfer both within the CEE region and around the world (Balcerzak, 2016; Bilan et al., 2017; Oláh et al., 2017). People from Generation X as well as the Millennials become members of international project teams and are promoted to leading positions in local subsidiaries and regional headquarters, e.g. Microsoft, HP, Volkswagen and the Big Four accounting and consulting companies (Lazanyi & Bilan, 2017). The reasons for this come from their capabilities. They can adapt easily to different cultural environments since they are more sensitive to cultural and political issues than PCNs, they speak at least three languages, their compensation package is usually lower than in the case of traditional expatriates, they effectively master crisis or change management and they are strongly results-orientated.

In the knowledge management literature dealing with international companies it is an accepted opinion that, on the basis of the *transaction cost theory*, knowledge management conducted effectively within a given company is much more effective than it would be if implemented between independent companies (Buckley & Casson, 1976). Of course, it can also be seen that this statement has limitations within a company. These limitations can arise from organizational independence, from coordination difficulties or from problems of difference of interest. In our experience, even an independent company has access to important knowledge by acquisition.

In the knowledge management of international companies, the crucial question is how to aggregate and share the knowledge accumulated in different places (Mueller, 2014). There are several options available in the model shown in the previous figure. It can be achieved if they encode their knowledge (e.g. marketing, sales, etc.) - which is then stored on a database. The other option is not to choose this formal solution, but to invite experts in the field to develop the necessary action plan, based on discussions or workshops involving them. The third option is to adopt a form of combination of the above (Wickramashinghe, 2003).

On this basis, it is clear that knowledge transfer has a number of effective methods open to it in international companies (Kamoche, 1997), the following being worth mentioning;

- global and international working groups and expert networks
- efficient means of communication (Internet, intranet, internal conferences)
- systematic questioning of colleagues and evaluation of the knowledge transfer and knowledge sharing.

### 3. RESEARCH METHOD

The authors conducted a quantitative survey. The research was conducted in four Eastern European countries with different cultures. The questionnaires included the same questions in each country. The questions in the questionnaire were closed ones with nominal and metric scales.

In our research we covered the following areas:

- Characteristics of the subsidiaries surveyed: the most important organizational and economic characteristics (origin of parent company, year of establishment of the subsidiary, main area of operation – sector –, size of organization – based on revenue and number of employees – and the evolution of its productivity index, its mandate in the value chain and the main steps and directions of its development).
- Knowledge management in the field of HR: main directions, methods and characteristics of knowledge flows.
- Data from the respondents: data on the current HR department and its employees.

Originally 12 countries indicated their interest to be involved in this project, and ultimately we received valuable information from all 12. They all contributed to the regional data set, whilst to date the results from 4 (Hungary, Poland, Romania and Slovakia) have been prepared for this analysis.

The surveys conducted by the authors were carried out in two periods, during which the data of 4 countries were collected by researchers. This paper presents the results of these two periods (2011-2013 and 2015-2016). In each of these researchers, the same 4 countries took part, including Hungary, Slovakia, Romania and Poland. In the studies, questionnaires remained unchanged. The query consisted of essentially closed questions, such as nominal and metric scales, which were implemented via the Internet. The evaluation methods were single- and multivariate test procedures, such as frequency examinations, mean and standard deviations, nonparametric and cross-table analyzes.

Table 1 shows the number of participating companies per country and per period. In the study, multinational organizations' local companies participated. These companies are local subsidiaries of large international firms. They arrived in this region at different times. The following are the various features of the examined organizations.

Table 1

Number of valid responses by participating countries in the two CEEIRT research phases (2011-2013 and 2015-2016)

Countries	2011-2013	2015-2016
Hungary	118	90
Poland	53	57
Romania	34	37
Slovakia	30	17
Total	235	201

*Source:* Authors' own research

#### 4. ANALYSIS

Among others, the authors set out the examination of the following hypothesis:

Hypothesis #1: *In the examined periods, the knowledge management practices of subsidiaries in Central and Eastern European countries were basically convergent.*

The rest of the study presents an analysis of the above statement:

- In both examined periods, Hungarian and Polish organizations were present in the largest proportion; the difference between the sample sizes of the two periods was approx. 17%.
- According to the classification of the sector, about 46.4% of the companies involved in the research in the first period worked in the industry, while 33.6% worked in the service areas. About 38% of the Hungarian companies, 66% of Polish companies, 35% of Romanian organizations and 57% of Slovak participants were active in the industry. In 2015-2016, 33.2% of the respondents were industrial companies, while 55.8 worked in the service sector. During this period, 30% of Hungarian companies were industrial companies, 44% in the Polish sample, 19% of Romanian participants, and 47% of Slovak organizations.
- Regarding the number of employees, in 2011-2013, 48.2% of them had less than 250 employees, 39.6% between 251-2000 employees and 12.3% more than 2000 employees.
- In 2015-2016, 45.3% of the organizations employed less than 250 employees, 39.1% worked with 251-2000 employees, while 15.7% worked with 2001 or more employees.

In the research, the authors also studied the main directions of company development. From strategic point of view, the following alternatives were available for the organizations:

- Growth, market expansion and portfolio expansion
- Stability, efficiency improvement, profit retention, and adaptation to the market situation
- Downsizing and rationalization
- Other strategies

Table 2

Strategic direction in both surveys (%)

Strategic approaches	2011-2013	2015-2016
Growth	60%	72%
Stability and equilibrium	37%	24%
Layoffs and rationalization	3%	4%
Total	100%	100%

*Source:* Authors' own research

From the data, it seems that after the crisis market expansion and growth were characteristic in the majority of organizations in both periods. In 2011-2013, growth and market expansion were characteristic of 56% of Hungarian organizations, 62% of Polish and 73% of Romanian and 50% of Slovak participants. In 2015-2016, this ratio was higher for all the four countries or the same examining the strategy: 74% of the Hungarians, 74% of the Poles, 73% of the Romanians and 56% of the Slovaks.

In the next part of the survey, the role of human resources was investigated by researchers, and in particular the role of central HR (parent HR) in the HR management of the subsidiary. During the investigation period, Table 3 shows the frequency of the given roles at different times.

Table 3

Role of HQ HR (%)

Roles	2011-2013	2015-2016
Provide autonomy both in decision-makings and in implementation	21,0%	26,5%
Provide general guidelines and framework for HR actions	47,7%	39,3%
Provide detailed HR models, policies, procedures and rules	23,7%	27,6%
Centralized decision-making with tight control	7,6%	6,6%
Total	100%	100%

*Source:* Authors' own research

The analyzes prove that the surveys of the two periods do not show any significant difference (Pearson's Chi-square: 3,717 df: 3 signals .294  $p > 0.05$ ) and in both periods for the majority the general guidelines and frameworks are provided to by the central HR, while the least frequent is that only the insignificant HR decisions are theirs.

In 2011-2013, in 53% of Hungarian organizations, 48% of Poles, 34.5% of Rumanians and 38% of Slovaks this was the most prominent role. In 2015-2016, by country, in the Hungarian (44%), the Polish (34%) and the Romanian (39%) companies the central HR determined the general guidelines, while in the Slovaks (100%) it participated in the provision and regulation of personnel policies and processes.

In 2011-2013, decision-making responsibilities in the area of human resource planning, personal development, incentive and benefits were the most typical in consultation of the management with the local HR, while in the case of recruitment, selection, staff development, talent management, employee communication and occupational safety, consultation between the local HR and the local management was the most common practice.

In 2015-2016, in this respect, human resources planning, incentives and benefits were conducted by the local management in consultation with the local HR, while other HR activities, similarly as in 2011-2013, were decided by the local HR after having discussed them with the local management.

However, for these tasks, several competencies are needed at the HR departments of subsidiaries. Table 6 shows some of these, depending on how much it was typical of the given years:

Table 4

HR competencies of subsidiaries (%)

Competencies	2011-2013				2015-2016			
	Not at all	To a small extent	To a large extent	Totally	Not at all	To a small extent	To a large extent	Totally
Personal credibility (Communication)	2,2	8,4	47,1	42,3	5,8	43,5	50,8	0,0
HR services	4,8	21,6	37,4	36,1	2,1	11,0	45,0	41,9
Usage of HRIS	10,7	33,9	36,2%	19,2	7,8	29,7	45,8	16,7
Foreign language skills	3,1	20,2	39,0	37,7%	3,6	17,2	29,2	50,0
Business knowledge	8,0	24,3	42,0	25,7	4,2	22,8	44,4	28,6
Strategic contribution	8,0	23,0	40,3	28,8	3,2	23,3	45,5	28,0
Others	11,1	44,4	44,4	0,0	50,0	25,0	25,0	0,0

*Source:* Authors' own research

The data of the two surveys showed a significant difference in a variable, which was HR services (Pearson's Chi-square: 11,482 df: 3 signals: .009  $p < 0.05$ ). The data show that the role of this variable has significantly strengthened over the years. If we look at each country and at a given time, we can make the following statement. During the first survey, it was possible to observe that Hungarian respondents estimated personal credibility, foreign language communication, Polish companies judged business knowledge, personal credibility, Romanian participants evaluated personal credibility and HR services, while Slovaks rated personal credibility and language skills the most typical. In 2015-2016 HR services and personal credibility were the most typical for the Hungarians, Poles and Rumanians, while for the Slovaks personal credibility and foreign language communication.

Apart from the existence of competences, there is crucial question: to what extent the different ways of personal development of HRM are characteristic. Respondents had to determine on a five-grade Likert scale how specific the given development modes were characteristic of their own organization. Number one meant not characteristic at all, while number five stood for a totally characteristic feature. Table 5 summarizes periodic average and standard deviations in the light of different ways:



Table 5

Ways of competency development (average, dispersion)

Ways	2011-2013		2015-2016	
	Average	Dispersion	Average	Dispersion
Informal learning at the HR department of your subsidiary	3,13	1,244	3,05	1,182
Informal learning at the HR department of another subsidiary	2,05	1,204	2,10	1,165
Informal learning at the parent company	2,49	1,221	2,44	1,146
Local HR-training and development	3,15	1,199	3,24	1,082
HR-training and development at the parent company	2,61	1,367	2,44	1,222
HR-training and development at other subsidiaries	2,10	1,254	2,10	1,170

*Source:* Authors' own research

In 2011-2013, informal learning in the HR department was evaluated as average characteristic and local HR training and development were evaluated less characteristic, while informal acquisition of knowledge in the HR department of other subsidiaries was assessed the least characteristic. At the same time, it is also reflected by the data that the deviations are very high, so the pattern was not at all homogeneous regarding the modalities. Since the variables that symbolized the practices were not of normal distribution, the differences between countries were studied by non-parametric analysis. In the case of one variable, the HR training and development did not show any significant difference in the parent companies in the mirror of the countries (Kruskal Wallis test: Khi-square: 5,410 df: 3 signal: .144  $p > 0.05$ ). Informal learning at the HR department was the most typical of Hungarian organizations, while local HR training and development was the most common practice in the Polish, Romanian and Slovak companies.

In 2015-2016, informal learning at the HR department and local HR training and development were the most typical according to the respondents. Data from the survey conducted during this period show that there is a significant difference between the given countries in each way. For the Hungarian, Romanian and Slovak companies, the most typical practice was the local HR training and development, while for the Poles that was the informal learning at the HR department.

In addition to competence development, another question is how some ways of knowledge transfer work in the HR area. This question also had to be answered by the respondent companies on a five-grade scale. Number one meant not typical at all, while number five represented a totally typical feature. Table 6 summarizes the mean and standard deviation of the responses in the two periods:

Table 6

Ways of knowledge transfer (average, dispersion)

Ways of knowledge transfer	2011-2013		2015-2016	
	Average	Dispersion	Average	Dispersion
Knowledge flows from the parent company to the subsidiary	3,23	1,271	3,33	1,207
Knowledge flows from the subsidiary to the parent company	2,56	1,263	2,73	1,172
Knowledge flows between subsidiaries	2,57	1,261	2,74	1,249
HR-related knowledge flows within the HR department at your subsidiary	3,28	1,252	3,34	1,165
HR-related knowledge flows at your subsidiary between the HR department and other organizational units	2,99	1,251	3,08	1,182

*Source:* Authors' own research

In 2011-2013 the most typical ways were transfers from the parent company to the subsidiaries or transfers within the HR department. Nonparametric studies have shown that there are significant differences between the countries in these two ways. Thus, in the case of the transfers from the parent company to the subsidiary (Kruskal Wallis test: Khi-square: 5.321 df: 3 signals: .150  $p > 0.05$ ) and transfers within HR departments (Kruskal Wallis test: Khi-square: 4.952 df: 3 Signal .175  $p > 0.05$ ). The most significant practice in Hungarian and Romanian organizations was the transfer of knowledge within the HR department, for the Poles and Slovaks from the parent company to the subsidiaries.

In 2015-2016, the two mentioned types of knowledge transfer were the most typical. Here, for each variable, there was a significant difference between the countries. In the case of Hungarian and Polish participants, the transfer of knowledge within the HR department was the most significant, while for Romanian and Slovakian companies the transfer from the parent company to the subsidiaries.

Finally, for comparison, the authors carried out the above survey with some countries outside the European Union in 2016. Because of the relatively low sample size, we handle the two countries together. Thus, Russian (13 companies) and Kazakhstan (39 companies) have been included in the research, 11.5% of whom are industrial companies and 77% are service companies. 50% of these companies focused on growth and market expansion in their development strategy, while 35% preferred stability. 34% of the surveyed companies had an annual training budget of 1-3% of the wage cost and 32% more than 5% of the wage costs.

The central HR department provided the general guidelines and framework in the subsidiary HR management for most of the organizations (63%). The HR competences of subsidiaries in these organizations are typically strategic contribution, HR services, personal credibility and foreign language communication. Among the various ways of personal competency development, the most commonly used practices in the field of HRM are the informal learning at the parent company and the local HR training and development; respectively from the ways of the knowledge transfer that within the HR department.

## 5. DISCUSSION

Many authors believe that multinational companies design and implement their management functions – including knowledge management - better than local companies do (Harzing and Ruysseveldt, 2005). Furthermore, these multinationals apply highly efficient methods in the majority of the people management functions, namely performance management, communication, training of new entrants and career management, whilst local companies tend to focus more on staffing concerns or administrative issues.

In undertaking a study of knowledge management practices in the subsidiaries of MNCs in Central Europe, we begin by adopting a broad framework encompassing the major external and internal factors that affect the operations of such companies (Poór et al., 2010). While a discussion concerning each element in this model is beyond the scope of this publication, this model provides a context for the discussion, consistent with recent presentations highlighting the criticality of HR variables in the context of situational, historical and institutional variables (Brewster et al., 2006; Venaik et al., 2005).

Although the research items were originally descriptive in nature, an analysis revealed objective results in all cases. In order to facilitate statistical analysis, we used the same questionnaire during the personal interviews at the companies and during the online survey coding and analyzed the coded answers.

In developing the research model we applied international results and information gained from several of our own previous surveys. During the analysis we collated the observed picture with the findings of other research projects conducted by various academic members of CEEIRT and therefore, *inter alia*, we built on:

- Models developed in the field of human resource management (Brewster et al, 2004; Petrenko & Psiuk, 2018) and international management (Hill, 2002; Wild et al., 2003). Our own analyses carried out in 2004 involving 42 foreign owned Hungarian subsidiaries based on the integration of these models (Poór, 2009).
- Our domestic and international experience gained during the Cranet<sup>2</sup> research projects carried out at our department. (Karoliny, Farkas & Poór, 2009; Karoliny-Poór, 2010).
- The results of our collected and published theoretical and empirical examinations in the field of knowledge management (e.g., Dobrai 2008, Dobrai-Farkas 2007 and 2009).
- Also the research experience we gained over recent years during our analyses in the field of change management (Farkas, 2013), management consulting (Poór, 2010) and organizational and national culture (Jarjabka, 2009).
- In addition, our most recent research was conducted in relation to the global economic crisis of 2008 (Fodor et al., 2010).

## 6. CONCLUSION

Based on the examined sample, the authors find that the hypothesis of the given companies is typically justified. Surveys carried out in the two periods show that in the majority of the subsidiaries involved in the research, mainly focused on growth and market expansion after the crisis. The central HR of the parent company typically provides the general guidelines and framework for the local HR. Human resource planning, incentives and benefits are being discussed with the local management and the local HR.

If the HR tools described above are taken over by local subsidiaries, they are significantly associated with improving their competitiveness.

To carry out HR tasks at local level, personal credibility was considered by the companies as one of the most important competencies. For strengthening the required competencies informal learning at the HR department and local HR training and development seemed to be a good practice. In the field of HR a high divergence could be proved between the respondents in the ways of knowledge transfer.

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<sup>2</sup> CRANET is a non-profit HR research network involving 42 countries and our schools have been members since 2004 (www.cranet.org).

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