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Article

Transformation Paths of Overseas Labor Governance in Chinese Manufacturing Enterprises from the Perspective of Institutional Distance: A Case Study of Fuyao Glass America

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Abstract: This study examines the transformation of overseas labor governance in Chinese manufacturing enterprises from the perspective of institutional distance, employing Fuyao Glass America as a longitudinal single case. Drawing on publicly available corporate materials, U.S. institutional records, labor-relations documents, media coverage, relevant academic studies, and contextual materials, the study analyzes how regulatory, normative, and cognitive dimensions of institutional distance shaped labor governance practices at the Moraine, Ohio plant. The findings reveal that differences in occupational safety governance, working-time arrangements, employee representation, employee voice, managerial authority, and procedural expectations emerged from the dynamic interaction of these three institutional dimensions. Institutional distance influenced governance adaptation through four key mechanisms: institutional recognition lag, insufficient localization of home-country management practices, cross-cultural communication divergence, and limited local institutional embeddedness. These mechanisms collectively increased cross-institutional operating pressure, labor-management coordination requirements, compliance optimization needs, and organizational adjustment costs. Based on the case analysis, the study proposes a staged transformation path progressing from post-entry adjustment and initial management transfer toward prior institutional identification, selective localization, participatory governance, bilateral institutional learning, balanced performance evaluation, and stakeholder engagement. The study extends institutional-distance theory to the domain of overseas labor governance and highlights that the long-term competitiveness of Chinese manufacturing enterprises depends not only on production efficiency and cost control but also on compliance alignment, employee participation, and institutional embeddedness in the host country.

Keywords: institutional distance; overseas labor governance; chinese manufacturing; institutional embeddedness

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1. Introduction

The global operational footprint of Chinese manufacturing enterprises has evolved from exporting goods toward establishing overseas production facilities, engaging directly in local economic activities, and integrating into host-country employment systems. Setting up manufacturing sites abroad enables firms to enhance proximity to end users, lower logistics expenditures, increase supply-chain agility, and deepen market access. Yet international manufacturing entails more than relocating capital, machinery, and technical know-how [1]. When entering developed economies such as the United States, these enterprises must function within the framework of locally applicable workplace standards, occupational health and safety requirements, formalized employee

engagement structures, established employment conventions, and widely shared expectations regarding responsibilities and entitlements in the workplace. Effectively aligning human-resource governance with distinct institutional settings has thus become essential for long-term operational viability.

A key challenge emerges when management approaches shaped by domestic experience are applied abroad without adequate contextual recalibration. Chinese manufacturing firms commonly prioritize production efficiency, organizational coherence, cost optimization, quality assurance, and swift implementation [1]. While such practices can drive performance under specific domestic conditions, they often require substantive refinement when deployed in the United States. Local employees, oversight bodies, representative organizations, and community stakeholders typically place strong emphasis on workplace safety, transparent procedural frameworks, inclusive decision-making, structured communication channels, and clearly defined statutory protections. This need for adaptation extends beyond interpersonal or cultural misalignment; it reflects deeper disparities across regulatory frameworks, societal expectations, and shared conceptualizations of employment relationships.

Fuyao Glass America serves as an illustrative example for analyzing this dynamic. In 2014, Fuyao chose Moraine, Ohio, as the site for its inaugural large-scale North American manufacturing facility, repurposing a portion of a former General Motors plant into an automotive-glass production hub. The company hired local personnel while deploying Chinese managers and technical experts to facilitate operations and knowledge transfer. This configuration generated direct interface between inherited corporate protocols and the U.S. regulatory, employment, and workplace environment. Throughout the facility's development phase, the firm incrementally refined its approaches to workplace administration, work organization, internal dialogue, and mechanisms for employee voice. As such, the case offers insight into how institutional distinctions are identified, interpreted, and systematically addressed in cross-border human-resource governance.

The case also holds theoretical significance, as it captures an ongoing process of institutional adjustment rather than a discrete organizational event [1]. It permits observation of the interplay between Chinese corporate methodologies and U.S. employment frameworks across successive stages: investment planning, practice transfer, institutional awareness, alignment with local requirements, workforce localization, and governance evolution. This study investigates three interrelated questions. First, how do institutional contrasts between China and the United States manifest in the human-resource governance practices at Fuyao Glass America? Second, through which pathways do regulatory, normative, and cognitive institutional differences generate coordination demands and adaptation imperatives? Third, how might Chinese manufacturing enterprises reconfigure their overseas human-resource governance models in response to evolving institutional expectations?

Addressing these questions advances scholarship on institutional distance by extending its application beyond foreign-market entry and investment outcomes to the domain of international human-resource governance. It further yields actionable insights for Chinese manufacturers operating in mature employment environments. The case underscores the necessity of integrating operational effectiveness with compliance integration, occupational health and safety stewardship, participatory workplace practices, regionally adapted human-resource strategies, and coordinated stakeholder engagement [2]. Sustained competitiveness abroad depends not solely on technological capability, cost efficiency, and product excellence, but equally on the capacity to harmonize with host-country institutional frameworks and attain stable integration within local employment ecosystems.

2. Literature Review and Analytical Framework

2.1. Institutional Distance Theory

Institutional distance refers to differences between the institutional environments of a multinational enterprise's home and host countries. Institutions define the formal and informal conditions under which organizations operate and gain legitimacy. International business research commonly distinguishes regulatory, normative, and cognitive institutions. Differences across these dimensions influence foreign market entry, subsidiary management, organizational embeddedness, and the transfer of practices between headquarters and overseas units. Greater institutional distance heightens uncertainty, as home-country practices often require adaptation to align with host-country institutional expectations [2].

2.2. Three Dimensions of Institutional Distance

2.2.1. Regulatory Institutional Distance

Regulatory institutional distance refers to variations in formally established rules and oversight frameworks. In cross-border employment governance, it encompasses statutory provisions governing compensation, working hours, overtime, workplace health and safety, employee consultation mechanisms, negotiated agreements between employers and workforce representatives, termination protocols, and formal dispute resolution processes. These frameworks delineate the scope of managerial discretion and clarify rights and responsibilities for both parties. Practices regarded as internal operational matters in the home context may necessitate adaptation to align with host-context requirements [3].

2.2.2. Normative Institutional Distance

Normative institutional distance refers to differences in socially accepted values concerning appropriate organizational conduct. In employment relations, it encompasses expectations regarding fair compensation, employee participation, work-life boundaries, corporate responsibility, managerial respect, and procedural justice. Employees assess firms based on both formal compliance and the perceived fairness and consistency of management practices. Consequently, overseas subsidiaries must balance operational efficiency, coordination, and cost control with employee voice and adherence to local workplace norms.

2.2.3. Cognitive Institutional Distance

Cognitive institutional distance reflects differences in the assumptions organizational actors use to interpret behavior [2]. It encompasses understandings of managerial authority, working-time arrangements, organizational commitment, employee feedback, representation mechanisms, and effective conduct for employees or managers. Managers may prioritize reliability, flexibility, teamwork, and sustained contribution, while employees may emphasize defined responsibilities, formal procedures, and established communication channels. Such differences can lead to divergent interpretations of instructions, feedback, performance expectations, and participation.

2.3. Research on Overseas Labor Governance

Research on multinational employment relations emphasizes the balance between global standardization and local adaptation. Standardization enables parent companies to transfer routines, maintain coordination, and preserve production and quality standards [4]. Localization adapts employment practices to host-country regulations, labor markets, industrial-relations institutions, and social expectations. Multinational subsidiaries often combine both approaches by retaining core organizational capabilities while adjusting compensation structures, employee engagement mechanisms, occupational health and safety management, and internal communication protocols.

Three gaps remain in the existing literature. First, many studies emphasize cultural distance without distinguishing among regulatory, normative, and cognitive dimensions. Second, research on institutional distance has primarily addressed entry strategy, ownership structure, staffing decisions, and subsidiary performance, with comparatively limited attention to workforce governance frameworks. Third, although studies of

Chinese multinational enterprises highlight challenges in aligning with host-country employment systems, the transition from transferring home-country operational practices to implementing context-appropriate governance arrangements in developed economies remains inadequately examined [3].

2.4. Analytical Framework

The analytical framework links institutional distance to the transformation of overseas workforce governance [5]. Regulatory, normative, and cognitive differences influence how transferred management practices are interpreted and implemented in the host country.

Based on institutional-distance theory, this study links institutional differences, management-practice transfer, cross-institutional coordination, and governance transformation, as shown in Figure 1. Adaptation pressure intensifies when firms lack capacity to recognize host-country institutions or apply established routines without adequate adjustment. Engagement with local institutions and stakeholders fosters organizational learning, procedural optimization, and governance restructuring [6]. The process progressively advances toward early institutional identification, selective localization, employee participation, bilateral institutional learning, and institutionally embedded workforce governance.

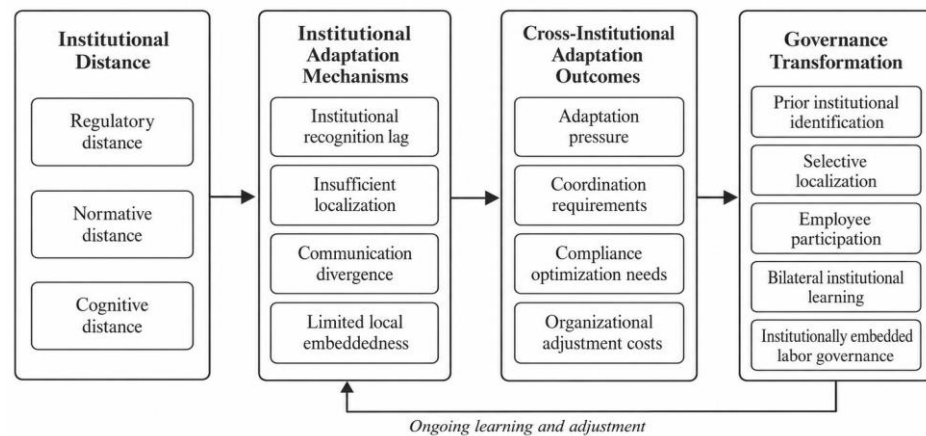


Figure 1. Analytical Framework of Overseas Labor Governance Adaptation under Institutional Distance

3. Research Design and Case Background

3.1. Research Method

This study employs a longitudinal single-case design to examine institutional adaptation in workplace governance at Fuyao Glass America. It traces interrelationships among evolving regulatory expectations, managerial practices, internal communication patterns, and organizational responses, illustrating how institutional divergence generates adaptive pressure and influences governance development [7]. The unit of analysis is Fuyao's automotive-glass manufacturing facility in Moraine, Ohio, with focus on its founding and subsequent institutional alignment beginning in 2014. The case functions as an analytical lens for cross-institutional adaptation rather than an assessment of the company's broader operational framework.

3.2. Case Selection

Fuyao Glass America was selected for five reasons. First, its parent company is a major Chinese automotive-glass manufacturer with extensive international operations. Second, the Moraine plant operates within established U.S. frameworks governing employment standards, workplace safety, employee engagement mechanisms, and formal hiring practices [8]. Third, Chinese managers and technicians collaborated directly with locally recruited American staff. Fourth, the case encompasses workplace

governance, working-time arrangements, employee engagement mechanisms, and cross-cultural communication. Fifth, diverse public records support evidence triangulation.

Fuyao selected Moraine in 2014 for its first major North American manufacturing facility [9]. The project reused approximately 1.2 million square feet of a former General Motors plant. Public economic-development records reported more than 2,000 employees at the site, while Fuyao later reported approximately US\$700 million in U.S. investment and 3,000 manufacturing positions across its regional operations.

3.3. Data Sources

The evidence base includes Fuyao corporate materials, U.S. Department of Labor and Occupational Safety and Health Administration records, National Labor Relations Board documents, publicly available employment-related materials, mainstream media coverage, and relevant academic studies [10]. Government and corporate records provide the primary factual foundation, while institutional and organizational governance materials support the reconstruction of procedural frameworks and structural adjustments. Media coverage provides supplementary contextual information.

Triangulation minimized dependence on any single source. Developments reported in media coverage were systematically verified against government, corporate, institutional, and organizational governance records. This hierarchical approach enhances the coherence and reliability of the case chronology.

3.4. Case Development

3.4.1. Market Entry and Management Transfer, 2014–2015

Fuyao selected the former General Motors site in 2014, renovated the facility, recruited local personnel, and commenced automotive-glass production in 2015. The plant integrated U.S.-based workforce participation with Chinese supervisors, technicians, production expertise, and operational methodologies [11]. Fuyao reports that its first U.S. manufacturing facility initiated glass shipments in 2015. This phase encompassed the transfer of production capabilities and the initial establishment of regionally adapted employment and management structures.

3.4.2. Early Institutional Adaptation, 2016–2017

As operations expanded, the plant entered an early stage of institutional adaptation involving workplace governance, internal communication, and employee representation arrangements. Regulatory and employment-related records indicate increasing alignment between established operating practices and local procedural frameworks [12]. This alignment heightened the importance of formal safety management, standardized communication protocols, structured feedback mechanisms, and locally accepted representation channels.

This stage illustrates how an overseas subsidiary may transition from initial practice transfer toward integration with host-country regulatory and employment frameworks [13]. The central task was to harmonize corporate operating routines with local procedural requirements and workplace expectations.

3.4.3. Compliance and Localization Optimization, 2018–2019

During this period, the company further refined workplace safety protocols, working-time administration, human-resource procedures, and internal governance structures [14]. Public institutional and employment-relations documentation indicates that standardized procedural documentation, clearly delineated responsibilities, and consistent implementation gained increasing importance as operational maturity advanced.

The governance approach progressively aligned more closely with host-country regulatory and administrative requirements through procedural standardization, engagement of local professional expertise, targeted management training, and enhanced internal coordination. This stage illustrates how overseas manufacturing entities adapt institutional knowledge into formalized, contextually grounded governance practices.

3.4.4. Continued Institutional Embedding After 2019

The post-2019 period reflects sustained institutional adjustment and organizational learning. Fuyao maintained and expanded its U.S. production operations while aligning production development with local regulatory frameworks, workforce practices, and communication norms [11]. Localization thus progressed as a continuous, dynamic process rather than a discrete implementation.

Workforce governance continued to be guided by regulatory compliance, alignment with local employment standards, cross-cultural coordination mechanisms, and deepening institutional integration [15]. The evolution of Fuyao Glass America can therefore be characterized across four phases: market entry and management transfer, initial institutional adaptation, refinement of compliance and localization strategies, and ongoing institutional integration, as summarized in Table 1.

Table 1. Development Stages and Institutional Adaptation of Fuyao Glass America

Development Stage	Period	Main Developments	Institutional Adaptation Focus
Market entry and management transfer	2014–2015	Renovation of the former General Motors plant, local recruitment, and deployment of Chinese managers and technicians	Transfer of production capabilities and development of localized arrangements
Early institutional adaptation	2016–2017	Increasing interaction with U.S. workplace-governance, communication, and employee-representation procedures	Institutional recognition, employee communication, and procedural coordination
Compliance and localization optimization	2018–2019	Refinement of workplace safety, working-time administration, human-resource systems, and formal procedures	Compliance alignment, procedural standardization, and management localization
Continued institutional embedding	After 2019	Continued U.S. operations, production development, and organizational adjustment	Coordination of efficiency, compliance, communication, and localized labor governance

4. Institutional Distance and the Adaptation of Labor Governance

4.1. Regulatory Institutional Distance: Alignment with Formal Labor Rules

4.1.1. Occupational Safety Governance

Occupational safety highlights the regulatory divergence between production-focused operational practices and formal compliance frameworks. Managers in manufacturing environments often emphasize output targets, equipment efficiency, on-time delivery, cost management, and expedited issue resolution. In contrast, formal compliance frameworks prioritize preventive risk assessment, standardized operating procedures, documented training protocols, worker protection measures, and clearly defined accountability structures. Effective implementation therefore requires integrating practical operational experience with structured regulatory requirements.

At Fuyao Glass America, public records indicate that occupational safety emerged as a key domain requiring institutional adaptation during operational scaling [16]. Production workflows progressively aligned with host-country expectations regarding safety protocols, personnel training, recordkeeping, incident reporting, and managerial oversight. This exemplifies a broader pattern observed among foreign manufacturing enterprises: embedding locally mandated safety standards into production planning and routine operational execution.

4.1.2. Wage and Working-Time Rules

Regulatory divergence is also evident in the definition and administration of working time. U.S. wage-and-hour regulations mandate explicit procedures for shift preparation, rest breaks, overtime approval, time recording, and payroll processing. Informal coordination mechanisms may thus necessitate enhanced procedural rigor when implemented across differing institutional contexts.

The Fuyao case underscores the necessity of standardized working-time and compensation practices. Overseas subsidiaries require formal timekeeping systems, transparently communicated break and overtime policies, consistent authorization protocols, and payroll processes compliant with host-country legal requirements. Such arrangements facilitate operational coherence and regulatory adherence.

4.1.3. Employee Representation and Collective Employee Voice

The U.S. industrial-relations system incorporates formal mechanisms for employee organization, representation, and workplace communication. While overseas enterprises may prioritize direct management–employee dialogue, they must also recognize and interact appropriately with locally established representative structures.

At Fuyao, employee representation initiatives underscored the functional role of structured employee input within the U.S. employment framework. Their analytical relevance centers on how an overseas subsidiary aligns local institutional expectations with internal communication practices. Sustainable workplace governance depends on reliable channels enabling employees to raise concerns, receive timely information, and contribute to workplace discussions.

4.2. *Normative Institutional Distance: Efficiency and Procedural Expectations*

4.2.1. Expectations of Work Commitment

Normative distance reflects divergent expectations regarding appropriate workplace behavior. Production-oriented management may associate commitment with reliability, adaptability, collaboration, and willingness to contribute extra effort during peak demand periods. Employees in certain contexts may prioritize clearly defined roles, fair remuneration, occupational safety, reasonable work–life balance, and adherence to established procedures.

Misalignment in behavioral interpretation between managers and employees generates adaptation pressure. Behaviors perceived by management as adaptability or collaborative engagement may be assessed by employees against formal role definitions and procedural consistency. Therefore, transparent policies, timely communication, and uniform application of standards are essential to harmonize mutual expectations.

4.2.2. Managerial Communication and Employee Respect

Direct instructions, rapid work adjustments, and strong performance expectations may be intended to improve operational efficiency or coordination. Employees may interpret these practices based on whether decisions are transparently explained, consistently applied, and supported by opportunities for input. Communication style thus shapes perceptions of managerial authority.

One-way communication may hinder mutual understanding even when decisions comply with formal protocols [8]. Effective workplace governance requires procedural clarity, respectful interaction, predictable communication patterns, and accessible channels for employee input. These elements support alignment between managerial authority and locally grounded expectations of collaborative engagement.

4.2.3. Production Performance and Corporate Responsibility

Factory performance may be evaluated using differing criteria by managers and host-country stakeholders [17]. Production managers typically prioritize output volume, defect rates, cost efficiency, equipment utilization, and delivery reliability. In contrast, employees, regulatory authorities, and local communities also emphasize occupational safety, procedural consistency, employee welfare, transparent communication, and access to representation.

Fuyao's investment, production expansion, and job creation contributed to local economic integration. Ongoing refinements in workplace organization and human resource management underscored the importance of aligning economic performance with prevailing institutional expectations. Consequently, effective overseas governance necessitates integrated evaluation frameworks that jointly assess production outcomes, workplace responsibility, and stakeholder engagement [13].

4.3. Cognitive Institutional Distance: Different Interpretations of Employment Relations

4.3.1. Interpretations of Employee Feedback

Management may interpret employee feedback as an immediate operational concern, an individual adaptation challenge, or a request for clarification. Employees may perceive the same feedback as reflecting ambiguous procedures, communication breakdowns, excessive workload, or insufficient response mechanisms. These divergent interpretations stem from differing underlying assumptions about how employees express concerns [17].

When feedback is addressed solely as an individual matter, responses tend to be narrow in scope; when treated instead as organizational governance input, it can inform procedural refinement, communication enhancement, and managerial recalibration [3]. Consequently, overseas subsidiaries require systematic mechanisms to detect broader institutional adaptation requirements.

4.3.2. Interpretations of Employee Representation

Managers may perceive employee-representation institutions as external coordination mechanisms influencing communication and decision-making processes [5]. Employees may regard them as formal avenues for expressing workplace concerns, participating in procedural matters, and engaging in structured dialogue. These perspectives reflect differing conceptualizations of employment relationships.

Effective institutional adaptation requires management to recognize both the formal functions and normative expectations associated with employee representation. Simultaneously, employees benefit from familiarity with organizational production requirements, quality standards, and internal communication protocols. Enhancing procedural transparency helps align interpretations and fosters stable coordination.

4.3.3. Definitions of Effective Employees and Managers

A production-oriented definition of an effective employee may emphasize diligence, reliability, flexibility, teamwork, and contribution to shared goals [10]. In the U.S. context, responsible conduct may also include using formal reporting channels, seeking clarification, following procedures, and engaging in workplace communication.

An effective manager is evaluated not only by production outcomes but also by consistent application of rules, clarity in communication, support for employees, and alignment with institutional expectations. Evaluation criteria therefore need to reflect both performance and local employment norms [7].

4.4. Mechanisms Linking Institutional Distance to Governance Adaptation

Four mechanisms link institutional distance to governance adaptation. First, institutional recognition lag arises when host-country regulations and employment expectations are not fully identified during initial operations. Second, insufficient localization occurs when standardized practices are transferred without adequate contextual adaptation. Third, communication divergence stems from linguistic differences, contrasting organizational hierarchies, and divergent assumptions regarding authority and participatory norms. Fourth, limited local embeddedness emerges when operational expansion outpaces the development of substantive relationships with local labor institutions and key stakeholders.

These mechanisms often interact and reinforce one another: recognition lag delays procedural adjustments; insufficient localization heightens coordination demands; communication divergence impedes mutual understanding; and limited embeddedness increases the need for subsequent governance recalibration. Effective governance

transformation thus hinges on institutional learning, iterative procedural refinement, inclusive local participation, and sustained stakeholder engagement.

4.5. Interaction among the Three Dimensions

Formal workplace requirements involve institutional frameworks, but their implementation also reflects considerations of fairness, communication practices, managerial accountability, and employee engagement. Divergent assumptions regarding authority structures and workplace responsibilities further contribute to variations in interpretation.

Working-time arrangements and employee representation mechanisms are shaped by statutory provisions, societal expectations, and differing conceptualizations of employment relationships. These three dimensions collectively influence how management practices are understood and the pace at which overseas subsidiaries adjust. Table 2 summarizes their manifestations and governance implications.

Table 2. Institutional Distance, Case-Based Manifestations, and Governance Implications at Fuyao Glass America

Institutional Distance	Case-Based Manifestations	Adaptation Mechanism	Governance Implications
Regulatory distance	Differences in occupational safety, working-time administration, and employee representation	Established routines require alignment with host-country rules	Compliance optimization, procedural standardization, and clearer responsibility
Normative distance	Different expectations regarding work commitment, participation, respect, and procedural consistency	Managers and employees may apply different standards	Improved communication, balanced evaluation, and participatory mechanisms
Cognitive distance	Different understandings of authority, employee feedback, representation, and effective conduct	The same practice may be interpreted differently	Bilateral learning, procedural transparency, and stronger local participation
Combined institutional distance	Simultaneous regulatory, normative, and cognitive differences	The three dimensions jointly increase adaptation pressure	Selective localization, organizational learning, and institutional embeddedness

The Fuyao case illustrates that adaptation in overseas operations arises from the interplay among formal institutional frameworks, workplace norms, and varying interpretations of employment relationships [17]. Successful adjustment therefore entails alignment with applicable standards, enhanced communication, context-appropriate localization, and continuous institutional learning.

5. Transformation Paths of Overseas Labor Governance

The Fuyao case illustrates that overseas workforce governance evolves through organizational learning and institutional adaptation. Regulatory requirements in host countries, employment norms, employee engagement mechanisms, and cross-cultural coordination have heightened the need for formal compliance and localized management practices. Institutional adaptation continues to progress alongside the expansion of overseas operations. The following pathways integrate insights from this case with actionable recommendations for Chinese manufacturing enterprises engaged in international operations.

5.1. From Post-Entry Adjustment to Prior Institutional Identification

Workforce governance should begin prior to commencement of production [11, 15]. Chinese manufacturing enterprises are advised to conduct comprehensive due diligence during site selection, investment approval, and facility preparation. This review should encompass employment agreements, remuneration and working-hour standards, occupational health and safety protocols, employee engagement mechanisms, statutory consultation requirements, non-discrimination obligations, termination procedures, grievance resolution frameworks, and jurisdictional variations in regulatory implementation.

The Fuyao case underscores the necessity of clarifying institutional expectations before operational scaling. A proactive approach requires coordinated input from local legal advisors specializing in employment matters, human-resource professionals, occupational safety experts, and operational leadership when designing workforce management systems. Regulatory compliance considerations must be systematically integrated into investment decision-making, production planning, organizational design, and managerial performance accountability.

5.2. From Home-Country Replication to Selective Localization

Institutional adaptation does not necessitate the wholesale abandonment of home-country practices. Chinese manufacturers may retain core competencies in quality control, production coordination, technical training, process improvement, and cost management.

Practices involving compensation, working hours, performance evaluation, disciplinary protocols, employee feedback mechanisms, occupational safety standards, and employee representation require careful localization to comply with host-country legal requirements and prevailing employment norms [12]. Selective localization enables the preservation of operational strengths while minimizing adjustment costs. Local managers should be actively involved in the design of such policies rather than serving solely as implementers of directives from headquarters.

5.3. From Hierarchical Coordination to Participatory Governance

Stable employee-voice mechanisms support early identification of workplace and procedural issues. Overseas subsidiaries should implement regular employee meetings, confidential reporting channels, joint safety committees, designated employee representatives, structured grievance-review procedures, and safeguards for employees utilizing formal communication pathways. These mechanisms facilitate timely detection of concerns related to safety, compensation, training, and internal communication.

Employee input constitutes valuable organizational information. Feedback may highlight gaps in training delivery, supervisory practices, payroll administration, equipment maintenance, or policy execution. Integrating such input into systematic organizational review enhances the capacity to recognize institutional adaptation requirements. Participatory governance thus reinforces mutual understanding, procedural coherence, and operational alignment.

5.4. From Unilateral Cultural Training to Bilateral Institutional Learning

Cross-cultural training should extend beyond general national-cultural differences. Chinese expatriate managers need practical knowledge of U.S. employment regulations, workplace safety protocols, employee entitlements, procedural equity, internal communication norms, and formal response frameworks. They should also understand how local interpretations may vary regarding communication styles, scheduling conventions, performance benchmarks, and adaptive responsiveness.

American employees should receive clear explanations of corporate quality standards, manufacturing workflows, collaborative expectations, managerial protocols, and strategic goals. Bilateral learning helps align interpretations of unfamiliar practices. Enhancing the involvement of local managers in subsidiary decision-making further strengthens institutional alignment and operational coordination.

5.5. From Production-Centered Evaluation to Safety–Fairness–Performance Coordination

Performance evaluation should incorporate workplace safety, procedural compliance, and employee engagement metrics alongside operational and financial targets. Relevant indicators include occupational incidents, near misses, employee feedback responses, issue resolution time, working-hour adherence, staff retention rates, training completion rates, process improvement initiatives, and employee sentiment.

Output volume, defect rates, on-time delivery performance, and cost efficiency remain essential, yet must be systematically aligned with occupational health protection, inclusive participation mechanisms, and equitable procedural implementation. Overemphasis on output-oriented metrics risks marginalizing institutional compliance requirements. A balanced evaluation framework fosters integrated incentives for operational efficiency, regulatory adherence, workplace accountability, and two-way communication.

5.6. From Internal Control to Stakeholder Governance

Overseas workforce governance depends on relationships extending beyond internal organizational structures. Enterprises should maintain regular communication with employees, employee-representation bodies, regulatory authorities, local communities, customers, suppliers, and vocational training institutions. These stakeholders influence workforce supply, institutional recognition, organizational reputation, and operational continuity.

Stakeholder engagement facilitates alignment with formal requirements, acceptance of responsible employment practices, and integration into the local employment ecosystem. Formal alignment reflects adherence to established standards; practice-based acceptance stems from ethical employment conduct; and ecosystem integration reflects sustained compatibility with local employment frameworks.

Drawing on the Fuyao case, overseas workforce governance can be understood as a progressive process—from initial cross-regional management transfer to compliance adaptation and localization refinement, culminating in governance that is institutionally integrated, as illustrated in Figure 2.

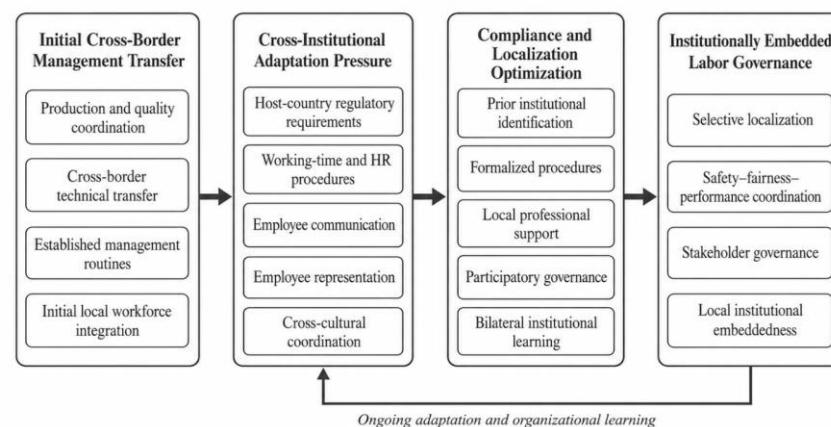


Figure 2. Institutional Adaptation Path of Overseas Labor Governance for Chinese Manufacturing Enterprises

The final stage requires Chinese manufacturing enterprises to harmonize production efficiency with local employment standards, employee involvement, mutual capacity building, and coordinated stakeholder engagement. This enables overseas subsidiaries to evolve from post-entry adaptation toward stable, institutionally integrated workforce governance [4, 8].

6. Conclusion and Implications

This study examined employment governance at Fuyao Glass America from the perspective of institutional distance. Three conclusions emerge. First, overseas

employment-governance adaptation is shaped by regulatory, normative, and cognitive institutional distance. Differences in occupational safety governance, working-time arrangements, employee representation structures, procedural expectations, managerial authority, and channels for workforce input jointly influence organizational coordination. Second, institutional distance affects governance through institutional recognition lag, insufficient localization, communication divergence, and limited local embeddedness. These mechanisms increase adaptation pressure, coordination requirements, compliance optimization needs, and adjustment costs. Third, Chinese manufacturing enterprises should move from initial management transfer and post-entry adjustment toward prior institutional identification, selective localization, workforce participation, bilateral learning, and institutional embeddedness.

The study extends institutional-distance theory to overseas employment governance—a domain receiving less attention than market entry, ownership, and subsidiary performance. By distinguishing regulatory, normative, and cognitive distance, it clarifies how institutional differences interact in employment relations. It also demonstrates that host-country requirements can foster organizational learning and governance adjustment. The progression from management transfer to institutional adaptation, localization optimization, and institutional embeddedness provides a process-based explanation of overseas employment-governance transformation.

The findings suggest that long-term overseas competitiveness depends not only on capital, technology, quality, and cost, but also on effective coordination with the workforce, regulators, representative institutions, and local communities. Chinese manufacturers should integrate employment compliance, occupational safety, workforce input mechanisms, localized human-resource practices, and stakeholder engagement into overseas operations.

This study is limited by its single-case design, dependence on publicly available records, and the contextual selectivity inherent in such materials. The U.S. institutional context also limits direct generalizability to other settings. Future research could compare Chinese subsidiaries across regions, incorporate interviews with managers and employees, and examine the long-term effects of governance adjustment on operational performance, retention, and stability.

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