

The Impact of Human Resource Localization on Employee Innovative Behavior in Chinese–Thai New Energy Enterprises

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Received January 21, 2026; **Revised** February 18, 2026; **Accepted** March 22, 2026

Abstract

As Chinese new-energy enterprises accelerate their investment in Thailand, subsidiaries face increasing challenges in adapting to institutional differences while sustaining innovation performance. In this context, this study aims to examine (1) whether human resource localization enhances employee innovative behavior, (2) whether bidirectional knowledge sharing between headquarters and subsidiaries mediates this relationship, and (3) whether person–job fit moderates these effects.

To achieve these objectives, a quantitative survey was conducted among 331 employees working in Thai subsidiaries of Chinese-invested new-energy firms. Established measurement scales were adopted to capture perceived HR localization, forward and reverse knowledge sharing behaviors, person–job fit, and employee innovative behavior. The hypotheses were tested using multiple regression analyses and bootstrapping procedures to assess both mediation and moderation effects.

The results indicate that higher levels of HR localization are significantly associated with stronger employee innovative behavior. Both forward knowledge sharing (headquarters→subsidiary) and reverse knowledge sharing (subsidiary→headquarters) partially mediate this relationship, suggesting that localization enhances innovation by facilitating two-way knowledge exchanges. Furthermore, person–job fit positively moderates the effect of knowledge sharing on innovative behavior and strengthens the direct impact of HR localization on innovation, with a stronger moderating effect observed for reverse knowledge sharing.

Overall, this study demonstrates that HR localization functions as an innovation-enabling system through knowledge circulation and fit-based transformation, providing theoretical insights and managerial implications for multinational enterprises operating in emerging markets.

Keywords: Human Resource Localization; Bidirectional Knowledge Sharing; Employee Innovative Behavior; Person–Job Fit

Introduction

In recent years, Chinese new energy firms have accelerated overseas expansion as global supply chains are reshaped and emerging markets become key arenas for clean-energy deployment. Thailand has attracted substantial Chinese investment across batteries, EV-related components, and renewable-energy services, creating subsidiaries that must operate under different institutional rules and cultural expectations while still meeting high demands for speed, quality, and innovation (Witt, 2019; Harzing & Pinnington, 2011).

Although human resource localization is often treated as a practical response to cross-border complexity, existing evidence is still uneven in explaining how localization translates into employee-level innovation inside subsidiaries. Many studies discuss localization in terms of staffing ratios or general performance outcomes, but provide limited clarity on the internal process that connects localized staffing and management to day-to-day innovative work behavior. At the same time, knowledge sharing is frequently discussed as a driver of learning and innovation, yet empirical work tends to focus on one-way knowledge transfer from headquarters to subsidiaries, leaving the subsidiary's upward contribution under-specified. In practice, however, subsidiaries often need to feed local market insights, regulatory knowledge, and customer-facing experience back to headquarters, and the quality of these exchanges can differ widely across individuals. Employees who perceive a strong match between their capabilities and job requirements may be more able to absorb, interpret, and apply shared knowledge, while others may struggle to turn the same information into workable ideas.

To address these gaps, this study examines whether human resource localization in Chinese-invested new energy enterprises operating in Thailand is associated with stronger employee innovative behavior, and whether this relationship is transmitted through bidirectional knowledge sharing between headquarters and subsidiaries. It further tests person–job fit as a boundary condition that may strengthen the conversion of shared knowledge into innovative actions. By focusing on a cross-cultural subsidiary setting where innovation pressure and

coordination demands are both high, the study aims to clarify a more concrete micro-level pathway linking localization strategy to innovation outcomes, and to provide evidence that can inform how multinational firms design localized HR practices and knowledge-flow routines to make innovation more attainable on the ground.

Research Objectives

1. To examine whether managerial localization directly enhances employee innovative behavior.
2. To investigate whether bidirectional knowledge sharing mediates the relationship between managerial localization and employee innovative behavior.
3. To examine whether person-job fit strengthens the effect of bidirectional knowledge sharing on employee innovative behavior.

Literature Review

1. Theoretical Foundations

This study relies on two lenses to explain why localization can matter for innovation at the employee level. From a resource-based perspective, firms do not innovate simply because they operate abroad, but because they can build and deploy valuable resources that competitors cannot easily copy. Human capital and internal knowledge routines are among the most strategic of these resources, and they shape how quickly a subsidiary can learn and improve (Barney, 1991). At the same time, innovation inside subsidiaries often depends on voluntary effort that goes beyond formal job duties. Social exchange theory helps explain this behavioral side: when employees perceive that the organization invests in them and treats them fairly, they are more likely to respond with cooperative behaviors, including sharing knowledge and taking initiative in problem solving (Cropanzano & Mitchell, 2005). These two views together suggest that localization is not only an administrative arrangement, but a potential way to strengthen both capability and willingness, which are necessary for innovative behavior to emerge.

2. Research Progress on Key Constructs

A key challenge for foreign subsidiaries is the “liability of foreignness,” which refers to the additional costs and frictions created by operating in an unfamiliar institutional and cultural environment. Localization is commonly discussed as a practical approach to reduce these disadvantages by increasing host-country embeddedness and legitimacy (Zaheer, 1995).

In parallel, knowledge sharing has been treated as a central driver of innovation because it expands what employees know and what they can combine into new solutions. In multinational firms, this exchange is not limited to headquarters sending policies or technical know-how downward. Subsidiaries also generate local market learning, regulatory experience, and customer knowledge that can move upward to headquarters and inform broader organizational adaptation (Gupta & Govindarajan, 2000). This shift from one-way transfer to interactive exchange is particularly relevant in emerging-market settings where local conditions change quickly and standardized templates often require adjustment.

3. Relationships among Key Variables

Existing research implies a coherent logic connecting localization, knowledge exchange, and employee innovation, but the links are often discussed separately rather than as one process. If localization improves communication quality, trust, and role clarity within a subsidiary, it may make two-way knowledge sharing more frequent and more usable. In turn, access to richer knowledge inputs can support innovative work behavior by helping employees generate workable ideas, gain support for them, and implement them with fewer trial-and-error costs (Janssen, 2000). Still, knowledge availability does not automatically translate into innovation outcomes. Employees differ in how effectively they can digest and apply shared knowledge, and person-job fit captures this conversion capacity. When employees feel that their skills and responsibilities match well, they are more likely to absorb, interpret, and use knowledge in ways that lead to concrete innovative actions (Cable & DeRue, 2002). Overall, prior work points to a pathway in which localization can enable innovation partly by improving bidirectional knowledge sharing, while fit shapes how efficiently shared knowledge becomes real innovation in daily work.

Research Methodology

1. Research Design

This study investigates how HR localization in Thai subsidiaries of Chinese new-energy MNEs influences employee innovative work behavior through bidirectional knowledge sharing (HQ→Subsidiary and Subsidiary→HQ), and under what conditions person-job fit strengthens these effects. The methodology focuses on construct operationalization, cross-cultural instrument adaptation, and mechanism testing using mediation and moderated-mediation models.

2. Data Collection and Instrument Development

A structured literature review is used to define the focal constructs, justify measurement choices, and refine the conceptual model and testable paths. Data are then collected using a questionnaire survey, because the key variables—perceived localization practices, perceived bidirectional knowledge sharing, person–job fit, and individual innovative behavior—include perceptual and behavioral components that are typically captured through standardized scales. The instrument is adapted for multilingual administration (Chinese–English–Thai) through forward translation, expert reconciliation, back–translation checks, and pilot feedback to improve semantic and conceptual equivalence across languages.

Given access constraints and the requirement that firms meet specific inclusion criteria (Chinese–invested, operating in Thailand, within new–energy value chains, and featuring mixed Chinese–Thai staffing), purposive and convenience sampling are combined. Eligible firms are identified first, and participants are recruited through firm coordination and field access. Where feasible, direct supervisors are invited to provide supplementary ratings of innovative behavior to strengthen measurement robustness.

3. Data Analysis Strategy and Quality Control

The study tests (a) direct effects, (b) mediation via bidirectional knowledge sharing, and (c) moderation by person–job fit, including conditional indirect effects. Mediation is assessed using bootstrap confidence intervals for indirect effects, and moderated mediation is evaluated through conditional process logic. Measurement quality is examined through factor–based assessment and standard reliability and validity checks, with attention to model fit and construct distinctiveness. Common method bias risks are addressed through procedural remedies and statistical diagnostics. Robustness checks include alternative specifications (e.g., separating the two knowledge–sharing directions) and the inclusion of control variables and sensitivity analyses where appropriate.

Conceptual Framework

The proposed framework argues that higher HR localization improves the subsidiary’s ability to exchange knowledge with HQ in both directions, which increases employees’ access to useful expertise and local–market insights, thereby enhancing innovative work behavior. Person–job fit is expected to strengthen (i) the effect of localization on both directions of knowledge sharing and (ii) the conversion of shared knowledge into innovative behavior (i.e., stronger conditional indirect effects when fit is high) (Figure 1).

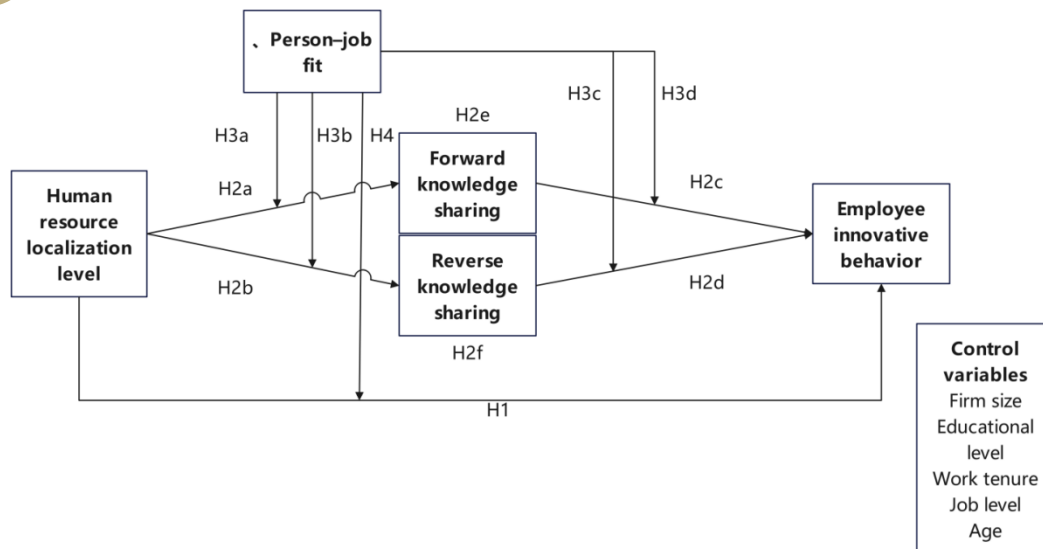


Figure 1 A Model of the Impact of Human Resource Localization on Employee Innovative Behavior
in Chinese–Thai New Energy Enterprises (Source: Constructed by researchers)

Research Results

This section presents the empirical findings following the order of the proposed hypotheses (H1–H4). Descriptive statistics and correlations are reported first, followed by tests of direct effects, mediation effects, moderation effects, and moderated mediation analyses. Objective 1 examines the direct effect of HR localization on employee innovative behavior. Objective 2 tests whether bidirectional knowledge sharing transmits this effect. Objective 3 evaluates whether person–job fit strengthens the key paths, including conditional indirect effects. For completeness, a brief hypothesis recap is provided before presenting the objective–based results.

Based on the conceptual framework, this study proposes that HR localization enhances employee innovative behavior both directly and indirectly through bidirectional knowledge sharing, and that person–job fit strengthens key relationships.

H1. HR localization is positively associated with employee innovative behavior.

H2. Bidirectional knowledge sharing mediates the relationship between HR localization and employee innovative behavior.

H2a. HR localization positively influences forward knowledge sharing (HQ → subsidiary).

H2b. HR localization positively influences reverse knowledge sharing (subsidiary → HQ).

H2c. Forward knowledge sharing positively influences employee innovative behavior.

H2d. Reverse knowledge sharing positively influences employee innovative behavior.

H2e. Forward knowledge sharing mediates the HR localization → innovative behavior relationship.

H2f. Reverse knowledge sharing mediates the HR localization → innovative behavior relationship.

H3. Person–job fit strengthens key relationships in the model.

H3a. Person–job fit moderates the HR localization → bidirectional knowledge sharing relationships.

H3b. Person–job fit moderates the knowledge sharing → innovative behavior relationships.

H4. Person–job fit moderates the direct effect of HR localization on employee innovative behavior.

Objective 1: To examine whether HR localization directly enhances employee innovative behavior

1. Descriptive Statistics and Correlations

Table 1 reports the sample profile and bivariate associations. HR localization is positively correlated with both forward and reverse knowledge sharing as well as employee innovative behavior. Person–job fit also shows positive associations with knowledge sharing and innovative behavior. Control variables exhibit modest correlations with the focal constructs, and variance inflation factor diagnostics indicate no serious multicollinearity concerns.

Table 1 Descriptive Statistics and Correlations

Variable	Category	Frequency	Percentage (%)
Firm size (number of employees)	Fewer than 20	19	5.74
	20–50	60	18.13
	51–100	115	34.74
	101–250	87	26.28
	More than 250	50	15.11
Chinese ownership ratio	0%–20%	36	10.88
	21%–40%	60	18.13
	41%–60%	80	24.17
	61%–80%	88	26.59
	81%–100%	67	20.24
Position	Senior management	10	3.02
	Middle management	30	9.06
	Junior management	74	22.36
	Non–managerial employees	217	65.56
R&D investment intensity	0%	10	3.02
	1%–5%	131	39.58
	6%–10%	58	17.52
	11%–20%	62	18.73
	Above 20%	38	11.48
Gender	Male	174	52.57
	Female	157	47.43

Variable	Category	Frequency	Percentage (%)
Age	18–24	26	7.86
	25–34	119	35.95
	35–44	99	29.91
	45–54	62	18.73
	55–60	21	6.34
	Above 60	4	1.21
Educational level	High school or below	39	11.78
	Junior college	72	21.75
	Bachelor's degree	144	43.51
	Master's degree	68	20.54
	Doctoral degree	8	2.42
Work tenure	5 years or less	47	14.20
	6–10 years	106	32.02
	11–15 years	80	24.17
	16–20 years	60	18.13
	More than 20 years	38	11.48

Note: Percentages may not sum to 100 due to rounding.

2. Main Effect of HR Localization on Employee Innovative Behavior

To test Objective 1 (H1), hierarchical regression analyses were conducted. Control variables were entered first, followed by HR localization. As shown in Table 2, HR localization has a positive and significant effect on employee innovative behavior ($\beta = 1.318$, $SE = 0.496$, $p = .008$, 95% CI [0.346, 2.290]). Therefore, H1 is supported. These findings support H1, suggesting that higher levels of HR localization are associated with stronger employee innovative behavior.

Table 2 Regression Results for the Main Effect of Human Resource Localization

Variable	Coefficient	Standard Error	z-value	p-value	95% Confidence Interval
lc_score	1.318	0.496	2.66	0.008	[0.346, 2.290]
ksp_score	0.049	0.123	0.40	0.688	[-0.191, 0.290]
ksn_score	-0.242	0.164	-1.48	0.139	[-0.564, 0.079]
pf_score	-0.056	0.107	-0.53	0.599	[-0.266, 0.154]
c3	0.021	0.154	0.14	0.891	[-0.281, 0.323]
c5	-0.272	0.202	-1.34	0.179	[-0.669, 0.124]
c6	-0.461	0.337	-1.37	0.171	[-1.122, 0.199]
c7	0.277	0.147	1.89	0.059	[-0.011, 0.564]
c8	0.430	0.327	1.31	0.189	[-0.211, 1.071]
_cons	-0.799	1.529	-0.52	0.601	[-3.796, 2.198]

Objective 2: To investigate whether bidirectional knowledge sharing mediates the localization–innovation relationship

1. Effects of Human Resource Localization on Bidirectional Knowledge Sharing

To evaluate whether HR localization promotes knowledge exchange across headquarters and subsidiaries (H2a–H2b), regression analyses were conducted with forward and reverse knowledge sharing as outcomes. HR localization shows a significant positive effect on both directions of knowledge sharing. This pattern indicates that localization is associated with stronger downward transfer of managerial/technical knowledge as well as more active upward sharing of local knowledge from subsidiaries to headquarters.

Table 3 Regression Results for Human Resource Localization and Bidirectional Knowledge Sharing

Variables	Employee Innovative Behavior			Forward Knowledge Sharing			Reverse Knowledge Sharing			
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9	Model 10
Constant	4.679***	3.246***	2.232***	2.787***	2.927***	3.510***	4.912***	3.427***	4.202***	2.340***
Firm size	–0.066	–0.086	–0.080	–0.094	–0.066	–0.085	0.001	–0.019	0.067	0.042
Education level	0.067	0.109	0.095	0.082	0.065	0.043	0.003	0.047	0.084	0.139
Work tenure	0.160	0.214	0.188	0.149	0.149	0.088	0.031	0.086	0.260	0.329
Job level	–0.014	0.001	0.034	–0.001	0.031	–0.011	–0.127	–0.112	–0.012	0.007
Age	–0.287	–0.316	–0.292	–0.240	–0.269	–0.190	–0.050	–0.080	–0.348	–0.386
HR localization		0.285***	0.197***	0.212***				0.295***		0.370***
Forward knowledge sharing			0.296***		0.357***					
Reverse knowledge sharing				0.196***		0.278***				
R ²	0.017	0.106	0.189	0.140	0.150	0.098	0.005	0.096	0.014	0.156
Adjusted R ²	0.002	0.089	0.172	0.122	0.135	0.081	–0.010	0.079	–0.001	0.140
F-value	1.151	6.405***	10.766***	7.534***	9.562***	5.878***	0.349	5.729***	0.947	9.958***

Notes: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$

2. Effects of Bidirectional Knowledge Sharing on Employee Innovative Behavior

To test whether knowledge sharing predicts innovative behavior (H2c–H2d), employee innovative behavior was regressed on forward and reverse knowledge sharing. The results show that both forward and reverse knowledge sharing have positive and significant effects on employee innovative behavior. Employees embedded in more active two-way knowledge flows report higher levels of idea generation, promotion, and implementation.

3. Mediation Effects of Bidirectional Knowledge Sharing

To assess mediation (H2e–H2f), bootstrapping analyses with 5,000 resamples were conducted to estimate indirect effects. The indirect effect of HR localization on innovative behavior through forward knowledge sharing is significant (indirect effect = 0.087, 95% CI [0.048, 0.130]), supporting H2e.

The indirect effect through reverse knowledge sharing is also significant (indirect effect = 0.072, 95% CI [0.031, 0.115]), supporting H2f. The confidence intervals for both indirect effects do not include zero, confirming statistically significant mediation paths.

Table 4 Bootstrapping Results for Mediation Effects

Path	Effect	SE	95% BootCI (LLCI)	95% BootCI (ULCI)
Human resource localization → forward knowledge sharing → employee innovative behavior	0.087***	0.021	0.048	0.130
Human resource localization → reverse knowledge sharing → employee innovative behavior	0.072***	0.021	0.031	0.115

Objective 3: To examine whether person–job fit strengthens the knowledge-sharing mechanism and its outcomes

1. Moderating Effects of Person–Job Fit on Localization and Knowledge Sharing

To test whether person–job fit strengthens the impact of HR localization on bidirectional knowledge sharing (H3a), interaction terms were introduced in the models predicting forward and reverse knowledge sharing. The interaction between HR localization and person–job fit is significant for reverse knowledge sharing ($\beta = 0.083$, $p < .05$), supporting H3b.

The interaction effect for forward knowledge sharing is not significant ($\beta = 0.059$, $p > .10$), thus H3a is not supported. Simple slope patterns suggest that localization's effect on knowledge sharing is generally stronger under high fit conditions, particularly for the subsidiary → HQ direction.

Table 5 Moderation Effects of Person–Job Fit on Localization–Knowledge Sharing Relationship

Variable	Employee Innovative Behavior				Forward Knowledge Sharing			Reverse Knowledge Sharing		
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9	Model 10
Constant	4.298***	4.227***	3.424***	3.533***	−0.869	2.821**	4.530***	−2.004**	1.715*	3.753***
Firm size	−0.081	−0.064	−0.071	−0.075	−0.019	−0.016	−0.009	0.042	0.045	0.056
Educational level	0.112	0.096	0.096	0.074	0.047	0.050	0.043	0.139	0.141	0.132
Work tenure	0.202	0.183	0.204	0.106	0.086	0.077	0.069	0.329	0.320	0.308
Job level	0.046	0.053	0.078	0.062	−0.112	−0.075	−0.072	0.007	0.045	0.050
Age	−0.317	−0.309	−0.318	−0.208	−0.080	−0.081	−0.078	−0.386	−0.387	−0.382
HR localization	0.246***	0.244***	0.160**	0.157**	0.295***	0.264***	0.263***	0.370***	0.338***	0.336***
Forward knowledge sharing			0.266***							
Reverse knowledge sharing				0.179***						
Person–job fit	0.152**	0.166***	0.129**	0.157**		0.123**	0.130**		0.127**	0.136**
HR localization × Person–job fit		0.139***					0.059			0.083**
Forward knowledge sharing × Person–job fit			0.123**							
Reverse knowledge sharing × Person–job fit				0.137***						
R ²	0.132	0.168	0.231	0.196	0.096	0.112	0.120	0.156	0.173	0.187
Adjusted R ²	0.113	0.152	0.210	0.173	0.079	0.093	0.098	0.140	0.155	0.167
F	7.018***	10.871***	10.724***	8.670***	5.729***	5.833***	5.466***	9.958***	9.648***	9.286***

Notes: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

2. Moderating Effects of Person–Job Fit on Knowledge Sharing and Innovative Behavior

To test whether person–job fit strengthens the translation of knowledge sharing into innovative behavior (H3b), interaction terms between person–job fit and each knowledge sharing direction were estimated. The interaction effects are positive and statistically significant, indicating that employees with higher person–job fit are better able to convert shared knowledge into innovative outcomes.

Table 6 Moderation Effects of Person–Job Fit on Knowledge Sharing–Innovation Relationships

Path relationship	Level	Effect	SE	95% CI (Lower)	95% CI (Upper)
Human resource localization → forward knowledge sharing → employee innovative behavior	High (+1 SD)	0.129	0.032	0.077	0.198
	Mean	0.079	0.019	0.045	0.118
	Low (–1 SD)	0.028	0.021	–0.014	0.067
Human resource localization → reverse knowledge sharing → employee innovative behavior	High (+1 SD)	0.137	0.036	0.073	0.215
	Mean	0.066	0.021	0.027	0.110
	Low (–1 SD)	–0.004	0.024	–0.049	0.042

3. Moderating Effect of Person–Job Fit on the Direct Effect of Localization

To test H4, the interaction between HR localization and person–job fit was added to the regression predicting employee innovative behavior. The interaction term is positive and significant, indicating that localization has a stronger direct association with innovative behavior when person–job fit is higher, and a weaker association under low fit conditions.

Additional Analysis: Job–Level Differences (Robustness Check)

To assess robustness and potential sample heterogeneity, a supplementary one–way ANOVA was conducted across job levels (senior, middle, junior management, and non–managerial employees). The results show no significant mean differences across job levels for HR localization, forward/reverse knowledge sharing, or employee innovative behavior (all $p > .10$). Person–job fit differs significantly by job level ($F = 6.037$, $p = .001$), with middle managers reporting higher fit than junior managers and non–managerial employees (post hoc). This pattern suggests that hierarchical position primarily relates to perceived fit rather than to localization perceptions or knowledge–sharing behavior, providing additional context for interpreting the moderating role of person–job fit.

Table 7 One-Way ANOVA Results Across Job Levels (Mean $\pm$ SD)

	Job Level (Mean $\pm$ Standard Deviation)					F	p	Lsd
	Owner (n = 0)	Senior Management (n = 10)	Middle Management (n = 30)	Junior Management (n = 74)	Non-managerial Employees (n = 217)			
Human resource localization	-1 $\pm$ -1	3.871 $\pm$ 1.235	4.329 $\pm$ 1.359	4.407 $\pm$ 1.330	4.388 $\pm$ 1.328	0.511	0.675	No significant differences
Forward knowledge sharing	-1 $\pm$ -1	4.537 $\pm$ 1.229	4.512 $\pm$ 1.330	4.343 $\pm$ 1.180	4.238 $\pm$ 1.326	0.573	0.633	No significant differences
Reverse knowledge sharing	-1 $\pm$ -1	3.975 $\pm$ 1.455	4.387 $\pm$ 1.372	4.431 $\pm$ 1.251	4.325 $\pm$ 1.297	0.405	0.749	No significant differences
Employee innovative behavior	-1 $\pm$ -1	4.037 $\pm$ 1.279	4.250 $\pm$ 1.797	4.243 $\pm$ 1.272	4.219 $\pm$ 1.170	0.083	0.969	No significant differences
Person-job fit	-1 $\pm$ -1	4.950 $\pm$ 1.388	5.733 $\pm$ 1.112	4.662 $\pm$ 1.303	4.616 $\pm$ 1.416	6.037	0.001***	Middle > Junior; Middle > Non – managerial

Summary of Hypothesis Testing

Overall, H1, H2a–H2f, H3b–H4 are supported, whereas H3a is not supported. For clarity, Table 8 summarizes the outcomes of the hypothesis tests. Overall, the results support the main effect of localization on innovative behavior, confirm partial mediation through both directions of knowledge sharing, and show that person–job fit strengthens key conversion paths, with an asymmetric moderation pattern on localization $\rightarrow$ knowledge sharing (supported for reverse, not supported for forward).

Table 8 Summary of Hypotheses and Empirical Results

Hypothesis	Hypothesis Statement	Result
H1	A higher level of human resource localization leads to stronger employee innovative behavior.	Supported
H2a	A higher level of human resource localization increases forward knowledge sharing from headquarters to the Thai subsidiary.	Supported
H2b	A higher level of human resource localization increases reverse knowledge sharing from the Thai subsidiary to headquarters.	Supported
H2c	Greater forward knowledge sharing from headquarters to the Thai subsidiary leads to stronger employee innovative behavior.	Supported
H2d	Greater reverse knowledge sharing from the Thai subsidiary to headquarters leads to stronger employee innovative behavior.	Supported
H2e	Forward knowledge sharing mediates the relationship between human resource localization and employee innovative behavior.	Supported
H2f	Reverse knowledge sharing mediates the relationship between human resource localization and employee innovative behavior.	Supported

Hypothesis	Hypothesis Statement	Result
H3a	Person–job fit positively moderates the effect of human resource localization on forward knowledge sharing.	Not supported
H3b	Person–job fit positively moderates the effect of human resource localization on reverse knowledge sharing.	Supported
H3c	Person–job fit positively moderates the effect of forward knowledge sharing on employee innovative behavior.	Supported
H3d	Person–job fit positively moderates the effect of reverse knowledge sharing on employee innovative behavior.	Supported
H4	Person–job fit positively moderates the direct effect of human resource localization on employee innovative behavior.	Supported

Discussion

This study clarifies how HR localization in Thai subsidiaries of Chinese new–energy firms is linked to employee innovative behavior, and more importantly, how this relationship corresponds to and extends existing research on innovation and knowledge processes. Consistent with prior arguments that innovative behavior emerges through idea generation, promotion, and implementation embedded in daily work interactions (De Jong & Den Hartog, 2010), the findings suggest that localization supports innovation not merely as a structural staffing arrangement but as a process–based mechanism that enhances knowledge usability. In line with research emphasizing the importance of coordinated human capital configurations in knowledge–intensive contexts (Villani & Grimaldi, 2024), localization appears to reduce coordination friction and increase employees’ access to decision–relevant information, thereby creating conditions conducive to innovation.

A particularly noteworthy finding is the differentiated yet complementary roles of forward and reverse knowledge sharing. Existing literature often treats knowledge transfer as a general mechanism, yet this study shows that the direction of knowledge flow matters. Forward knowledge sharing helps employees internalize organizational standards and routines, which resonates with established views on knowledge exploitation and implementation efficiency. Reverse knowledge sharing, however, reflects the subsidiary’s capacity to contribute context–specific insights upward. The significance of both channels supports the argument that innovation depends on dynamic knowledge circulation rather than unilateral transfer, reinforcing process–oriented views of innovation in multinational enterprises.

The moderating role of person–job fit further enriches the discussion. Prior research suggests that innovative behavior depends on employees’ perceived capability and role alignment (De Jong & Den Hartog, 2010). The stronger moderation observed for reverse knowledge sharing indicates that upward knowledge contribution requires higher levels of confidence, initiative, and role clarity compared to downward transfer, which is often supported by formal structures. This asymmetry highlights that innovation outcomes are contingent not only on knowledge availability but also on individual–role alignment.

Overall, the results position HR localization as an innovation–enabling system rather than a headcount ratio. By strengthening bidirectional knowledge processes and enhancing the conversion of knowledge into innovative behavior, localization aligns with broader arguments that innovation in dynamic markets depends on how knowledge flows and human capital structures are strategically coordinated (Villani & Grimaldi, 2024; De Jong & Den Hartog, 2010).

New Knowledge from Research

This study advances international HRM and knowledge–based views of the MNE by showing how human resource localization becomes an innovation engine at the employee level in Chinese new–energy subsidiaries in Thailand: localization increases innovative behavior directly and indirectly via bidirectional knowledge sharing (forward HQ→subsidiary and reverse subsidiary→HQ), while person–job fit amplifies key conversion paths (especially those requiring employees to translate knowledge into action). The additional job–level heterogeneity evidence suggests that structural position mainly differentiates perceived fit (rather than localization, knowledge sharing, or innovation perceptions), reinforcing fit as a practical “conversion lever” in localization–to–innovation systems (Table 9).

Table 9 Localization-to-Innovation “Actionable Mechanism Map” Summarized from This Study

Managerial lever	What it enables	What to do	What improves
HR localization	Raises local ownership and initiative	Local hiring + promotion pathways + participation in decisions	Higher employee innovative behavior
Two-way knowledge sharing	Turns HQ know-how and local experience into usable inputs	HQ→Sub: onboarding/SOP support; Sub→HQ: feedback routines & problem logs	Faster learning + better local adaptation
Person-job fit	Strengthens “knowledge → innovation” conversion	Competency mapping; fit-based staffing; targeted training	Stronger knowledge-to-innovation effects (especially for upward sharing)
Job-level alignment	Addresses fit differences across hierarchy	Tailored voice/incentive channels by job level	Reduced fit gaps; more stable innovation involvement

Conclusion

Based on survey data from 331 employees in Thai subsidiaries of Chinese new-energy firms, this study examined how HR localization relates to employee innovative behavior, through bidirectional knowledge sharing (HQ→subsidiary and subsidiary→HQ), and under what conditions person-job fit strengthens these effects. The results show that higher HR localization is associated with stronger employee innovative behavior. This relationship is not purely direct: both forward and reverse knowledge sharing partially transmit the effect of localization to innovation, indicating that localization becomes more effective when it improves the circulation and usability of knowledge across organizational boundaries.

The moderation tests further show that person-job fit strengthens key conversion paths. Fit amplifies the translation of knowledge sharing into innovative behavior and strengthens the direct localization-innovation link. The moderation pattern is asymmetric across knowledge-sharing directions: person-job fit strengthens the localization → reverse knowledge sharing relationship, but does not significantly strengthen the localization → forward knowledge sharing link. This suggests that upward knowledge contribution depends more on employees’ role clarity and capability alignment, whereas downward knowledge inflow is more strongly driven by organizational routines.

Additional robustness evidence indicates that job level mainly differentiates perceived person-job fit rather than localization, knowledge sharing, or innovative behavior. Overall, the study supports a clear “localization → bidirectional knowledge sharing → employee innovation”

pathway and highlights person–job fit as a practical condition that improves knowledge-to-innovation conversion.

Suggestions

First, firms should treat HR localization as a capability-building system rather than a staffing ratio. Beyond local hiring, subsidiaries need clear promotion pathways, meaningful decision participation, and localized leadership development so employees can take ownership of problem-solving and innovation.

Second, firms should institutionalize a “two-way knowledge loop.” For the HQ→subsidiary channel, translate standards into locally executable practices through multilingual toolkits, structured onboarding, and regular process clinics. For the subsidiary→HQ channel, make local insight contribution visible and actionable by building feedback routines (e.g., problem logs, after-action reviews, reverse reporting) and ensuring headquarters responds with adoption decisions and learning summaries.

Third, firms should use person–job fit diagnostics to strengthen conversion from knowledge to innovation. Competency mapping, role clarification, fit-based staffing, and targeted training can reduce “fit gaps,” especially for roles that require upward knowledge contribution and cross-unit coordination. For employees with lower fit, staged onboarding and task redesign can improve confidence and absorption capacity, increasing the likelihood that shared knowledge becomes implemented innovation.

Finally, future research can strengthen inference by using time-lagged or multi-source designs and by separating formal versus informal knowledge-sharing channels to better capture how localization effects unfold over time.

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