

International Human Resource
Management
Eighth edition

Instructor's Manual

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Purpose and Topics Covered in the Textbook

The major objective of this textbook is to provide an overview of international human resource management; however, this is a complex field. International HRM has been characterized by three broad approaches. The first emphasizes cross-cultural management: examining human behavior within organizations from an international perspective. The second approach developed from comparative industrial relations and HRM literature and seeks to describe, compare, and analyze HRM systems in various countries. A third approach seeks to focus on aspects of HRM in multinational firms. In this book, we take the third approach. Our objective is to explore the implications that the process of internationalization has for HRM activities and policies. In particular, we are interested in how HRM is practiced in multinational enterprises (MNEs).

Typically, HRM refers to those activities undertaken by an organization to utilize its human resources effectively. These activities include, but are not limited to, the following:

- Human resource planning
- Staffing (recruitment, selection, and placement)
- Performance management
- Training and development
- Compensation (remuneration) and benefits
- Industrial relations

This volume discusses these topics in an international context by explicitly considering the context of the multinational enterprise. Therefore, we also include a chapter on the cultural context of IHRM and the organizational context, as well as cross-border mergers and acquisitions, international alliances, and small and medium-sized enterprises (SMEs). An introduction and a conclusion complete the volume. The structure of the book is indicated by the ten chapter names, which are as follows:

1. INTRODUCTION
2. THE CULTURAL CONTEXT OF IHRM: CULTURE AND INSTITUTIONS
3. THE ORGANIZATIONAL CONTEXT: STRUCTURE, MERGER AND ACQUISITION AND GLOBAL SMALL BUSINESS
4. GLOBAL WORK
5. SOURCING PEOPLE FOR GLOBAL MARKETS: STAFFING, RECRUITMENT, AND SELECTION
6. GLOBAL PERFORMANCE MANAGEMENT
7. INTERNATIONAL TRAINING, DEVELOPMENT, AND CAREERS
8. GLOBAL TALENT MANAGEMENT
9. GLOBAL COMPENSATION
10. IHRM TRENDS AND FUTURE CHALLENGES

The eighth edition of this book has been designed as a standalone text for an advanced undergraduate or graduate level overview course on international HRM. Alternately, the text can be used in support of a broader international management text to emphasize the critical nature of people issues for multinational enterprises.

The chapter objectives, chapter summaries, and additional readings provide a focused set of learning objectives and heuristic support for students and instructors alike. The in-chapter cases and the in-depth case studies at the end of the text provide students with the opportunity to apply and contextualize the definitions, theories, models, and concepts in the text. The in-depth case studies at the end of the text have been specifically designed to provide instructors with a series of platforms to explore one or more of the functional areas of IHRM as well as investigate some of the cross-

cultural and unique issues MNEs face in the deployment of people around the world. In this sense, several of the cases have been written so they can be used to delineate the topics presented in more than one chapter of the text.

The additional readings and extensively updated endnotes provide graduate instructors and graduate students with an integrated set of references for further exploration and review. At the same time, the text does not assume the reader has an advanced understanding of HRM or international management.

Part I of this instructor's manual offers notes on the book chapters. Part II offers notes on the cases.

Available Digital Support Resources

Book-Level Assets

- Glossary
- Useful International HRM Web-based Resources
- Online Case Studies

Chapter-Level Assets

- eBook
- Multiple Choice Questions (Beat the Clock)
- Student Handout PowerPoint
- Flashcards
- Test Your Knowledge
- Revision Questions
- Essay Questions
- Chapter Web Links

Chapter Notes

Chapter 1: INTRODUCTION

Learning Objectives

- define key terms in international human resource management (IHRM) and consider several definitions of IHRM.
- introduce the significant issue of expatriate assignment management and review the evolution of these assignments to reflect the increasing diversity with regard to what constitutes international work and the type and length of international assignments.
- outline the differences between domestic and international human resource management and detail a model that summarizes the variables that moderate these differences.
- present the complexity of IHRM, the increasing potential for challenges to existing IHRM practices and current models and the increasing awareness of a wide number of choices within IHRM practices due to increased transparency and faster and more detailed diffusion of these practices across organizational units and firms.

Chapter Summary

The purpose of this chapter is to provide an overview of the emerging field of international HRM by:

- Defining key terms in IHRM and considering several definitions of IHRM.
- Introducing the historically significant issue of expatriate assignment management and reviewing the evolution of these assignments to reflect increasing diversity regarding what constitutes international work and the type and length of international assignments.
- Outlining the differences between domestic and IHRM by looking at six factors:
 - 1) more HR activities
 - 2) the need for a broader perspective
 - 3) more involvement in employees' personal lives
 - 4) changes in emphasis based on variances in the workforce mix of expatriates and locals
 - 5) risk exposure
 - 6) more external influencesand detailing a model which summarizes the variables that moderate these differences.
- Presenting the complexity of IHRM, the increasing potential for challenges to existing IHRM practices and current models, and developing an increasing awareness of the wide number of choices within IHRM practices due to increased transparency and the faster and more detailed diffusion of these practices across organizational units and firms.

We conclude that the complexity from operating in different countries and employing different national categories of employees is a key variable in differentiating between domestic and IHRM, rather than any major differences between the HR activities performed. We also discuss four other variables that moderate differences between domestic and international HRM:

- 1) the cultural environment
- 2) the industry (or industries) with which the multinational is primarily involved
- 3) the extent to which a multinational relies on its home country's domestic market
- 4) the attitudes of senior management. These five variables are shown in Figure 1.3. Finally, we discuss a strategic HRM model applied in multinational enterprises (Figure 1.4), which draws together several external and organizational factors that impact on IHRM strategy and practice and in turn on MNE goals.

Links to Other Chapters

This introductory chapter provides the basis for all the other chapters. The definitions and understanding of the differences between HRM and international HRM described herein are key to understanding the other chapters of the book. *Case 4 Just another move to China?* provides an opportunity to discuss the effects of international assignments on families.

Discussion Questions

1. *What are the main similarities and differences between domestic and IHRM?*

This question is addressed in 'Defining IHRM and global work' and 'Differences between domestic and international HRM':

Similarities:

- HRM = '[...] those activities undertaken by an organization to utilize its human resources effectively', including at least: human resource planning, staffing (recruitment, selection, placement), performance management, training and development, compensation (remuneration) and benefits.

Differences:

- Domestic HRM involves employees working within only one national boundary.
- IHRM also includes aspects pertaining to the national or country categories involved in international HRM activities (the host country where a subsidiary may be located, the parent country where the firm is headquartered, and 'other' countries that may be the source of labor, finance, and other inputs), as well as the three categories of employees of an international firm (host country nationals, parent country nationals, and third country nationals).
- In IHRM, staff are moved across national boundaries into various roles within the international firm's foreign operations (expatriates/international assignees).
- In IHRM, the complexity of operating in different countries and employing different national categories of workers is a key variable that distinguishes domestic and international firms. This complexity is due to six factors: more HR activities, the need for a broader perspective, more involvement in employees' personal lives, changes in emphasis because of variances in the workforce mix of expatriates and locals, risk exposure, and broader external influences.

2. *Define these terms: 'IHRM', 'PCN', 'HCN', and 'TCN'.*

This question is addressed in 'Defining IHRM and global work'.

1) The '[...] interplay between the three dimensions of human resource activities, types of employees, and countries of operation' (Morgan).

'We define the field of IHRM broadly to cover all issues related to managing the global workforce. Hence, our definition of IHRM covers a wide range of HR issues facing MNEs in different parts of their organizations. Additionally, we include comparative analyses of HRM in different countries' (Stahl, Björkman, & Morris, 2012).

2) These are the three categories of employees in an international firm:

- **PCN** – parent country national
- **HCN** – host country national
- **TCN** – third country national

For example, the US multinational IBM employs British citizens in its British operations (HCNs), often sends US citizens (PCNs) to Asia-Pacific countries on assignment, and may send some of its

Singaporean employees on assignments to its Chinese operations (as TCNs). The nationality of the employee is a major factor in determining the person's 'category', which in turn is frequently a major driver of the employee's employment contract and compensation.

3. Which types of global work can occur?

The authors summarize the umbrella term '**global work**', which comprises a variety of work arrangements. Global work has become an increasingly common organizational phenomenon reflecting the growing interconnectedness between countries and organizations worldwide, and it implies that collaborating workers are embedded in and operate from different national contexts, sometimes geographically distant from each other.

4. Discuss two HR activities in which a multinational firm must engage, which would not be required in a domestic environment.

The question refers to material found on under 'More HR activities'.

To operate in an international environment, a HR department must engage in several activities that would not be necessary in a domestic environment. Examples of required international activities are: international taxation, international relocation and orientation, administrative services for expatriates, host-government relations, and language translation services.

- Expatriates are subject to international taxation, and often they have both domestic (i.e. home country) and host country tax liabilities. Therefore, tax equalization policies must be designed to ensure that there is no tax incentive or disincentive associated with any particular international assignment. The administration of tax equalization policies is complicated by the wide variations in tax laws across host countries and by the possible time lag between the completion of an expatriate assignment and the settlement of domestic and international tax liabilities. In recognition of these difficulties, many MNEs retain the services of a major accounting firm for international taxation advice.
- Host government relations represent an important activity for the HR department in an MNE, particularly in developing countries where work permits and other important certificates are often more easily obtained when a personal relationship exists between the relevant government officials and multinational managers. Maintaining such relationships helps resolve potential problems that can be caused by ambiguous eligibility and/or compliance criteria for documentation such as work permits. US-based multinationals, however, must be careful in how they deal with relevant government officials, as payment or payment-in-kind, such as dinners and gifts, may violate the US Foreign Corrupt Practices Act (FCPA).

5. Why is a greater degree of involvement in employees' personal lives inevitable in many international HRM activities?

Refer to 'More involvement in employees' personal lives'.

More involvement in employees' personal lives is necessary to select, train, and effectively manage both PCN and TCN employees. The HR department or HR professional needs to ensure that the expatriate employee understands housing arrangements, health care, and all aspects of the compensation package provided for the assignment such as cost-of-living allowances, premiums, and taxes. In the international setting, the HR department must be much more involved in order to provide the level of support required. Consequently, it will need to know more about the employee's personal life. For example, some national governments require the presentation of a marriage certificate before granting a visa for an accompanying spouse. Thus, marital status could become an aspect of the selection process, regardless of the best intentions of the MNE to avoid using a

potentially discriminatory selection criterion.

6. Discuss at least two of the variables that moderate differences between domestic and international HR practices.

Refer to 'Variables that moderate differences between domestic and international HRM' and Figure 1.3.

The text names five variables that act as "moderators"; i.e., that diminish or accentuate the differences between domestic and international HRM: complexity, the cultural environment, industry type, extent of reliance of the multinational on its home country domestic market, and the attitudes of senior management to international operations.

Complexity:

- Many firms from advanced economies, with limited experience in international business, underestimate the complexities involved in successful international operations—particularly in emerging economies. There is considerable evidence to suggest that business failures in the international arena are often linked to the poor management of human resources.

Cultural environment:

- Possibility of employee culture shock.
- Recognition and appreciation of cultural differences is essential, because international business involves the interaction and movement of people across national boundaries.
- In research, issues are: little agreement on either an exact definition of culture or on the operationalization of this concept, as well as the emic-etic distinction (emic refers to culture-specific aspects of concepts or behavior, and etic refers to culture-common aspects, i.e. universality → divergence-convergence debate).
- Cultural awareness is essential for the HR manager at corporate headquarters as well as in the host location. Coping with cultural differences, and recognizing how and when these differences are relevant, is a constant challenge for international firms.

Industry type:

- This is of considerable importance because patterns of international competition vary widely from one industry to another: *multi-domestic* versus *global*.
- Global industry (a firm's competitive position in one country is significantly influenced by its position in other countries, e.g. commercial aircraft, semiconductors, and copiers).

Attitudes of senior management:

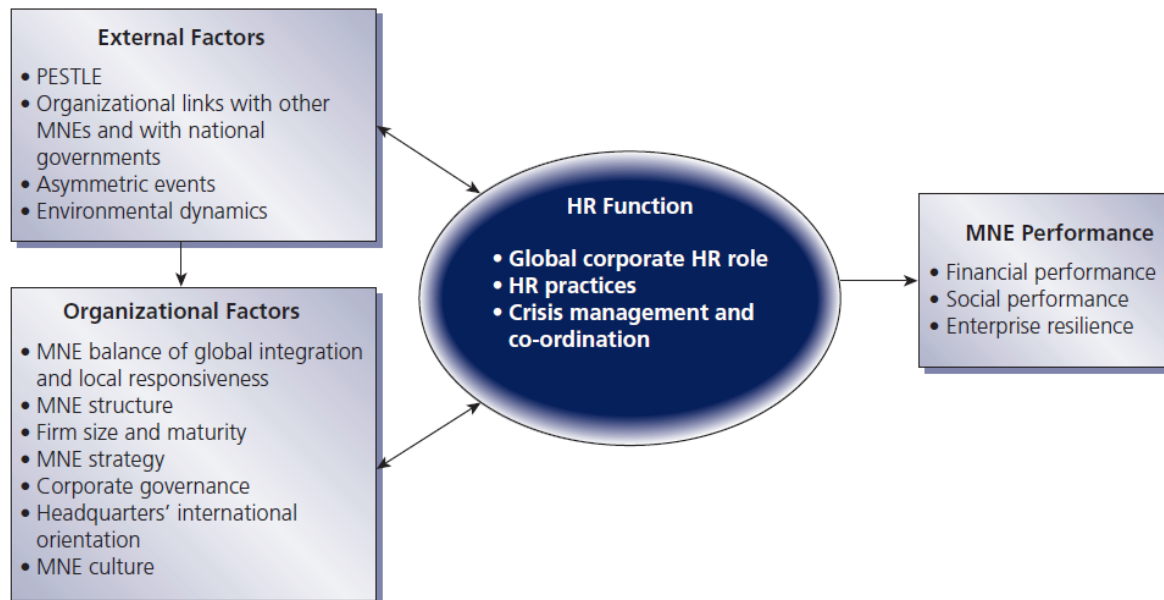
- an explicit recognition by the parent organization that its own peculiar ways of managing human resources reflect some assumptions and values of its home culture;
- an explicit recognition by the parent organization that its peculiar ways are neither universally better nor worse than others, but are different and likely to exhibit strengths and weaknesses, particularly abroad;
- it is likely that, if senior management does not have a strong international orientation, the importance of international operations may be underemphasized in terms of corporate goals and objectives;
- if the previous situation becomes prevalent, the HR manager might have to address senior management assumptions, regarding e.g., transferability of practices and people.
- HR managers might have to generate a global mindset in their home organization while implementing policies to facilitate the development of global staff.

Figure 1.4 explains a framework for strategic HRM in a multi-national enterprise.

7. What are the major influence factors in strategic IHRM?

These issues can be summarized by Figure 1.4 'A framework of SHRM in MNEs':

FIGURE 1.4 A framework of SHRM in MNEs



Source: De Cieri, H., & Dowling, P. (2012). Strategic human resource management in multinational enterprises: Developments and directions. In Stahl, G., Björkman, I., & Morris, S. (Eds.), *Handbook of research in international human resource management*. (2nd ed., pp. 13–35). Cheltenham, UK: Edward Elgar. Reproduced with permission from Helen De Cieri and Peter J. Dowling.

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Part II: Case Notes

Case 1: Balancing Values - An Indian Perspective on Corporate Values from Scandinavia

By Martine Cardel Gertsen and Mette Zølner

Overview

This case deals with challenges inherent in the translation of corporate values, developed in one societal and cultural context, to the context of a subsidiary elsewhere in the world. It centers on a pharmaceutical company, Pharmaz, headquartered in Denmark, and its Indian subsidiary. Pharmaz, as a research-oriented company, aims towards a corporate culture that encourages learning and creative collaboration. The three corporate values formulated in accordance with this ideal are empowerment, equal opportunities, and openness in communication. Pharmaz is increasingly focusing on India, and top managers at headquarters want the corporate values of empowerment, equal opportunities, and openness to be implemented fully, or 'lived' as they like to put it, in the subsidiary. To highlight the subsidiary's perspective, an Indian senior financial manager, Amrita Chopra, is the protagonist. The headquarters' perspective is represented mainly by her superior, the Danish expatriate financial director Niels Nielsen.

The text is divided into three acts and each is followed by one or more questions so that the instructor can pause for discussion. Act 1 sets the scene by introducing the company and the main characters while also outlining the case's major problem areas. Act 2 describes a meeting between Amrita Chopra and Niels Nielsen, during which they discuss plans for the alignment of local work procedures with Pharmaz's corporate values. Act 3 describes the situation some months later when some of the issues have been solved but others remain problematic.

Comments on questions

Due to the nature of the topic, the questions in this case do not have definite and absolute answers – they may be answered in different ways. Some issues to discuss (including theoretical concepts from the textbook such as cultural values presented in Chapter 2, staffing and cultural adaptation processes discussed in Chapter 5, and intercultural training issues addressed in Chapter 7) are more relevant than others, and some of these are touched upon in the following sections.

Possible Answers to the Questions

Act 1

- 1. Identify the main issues raised and discuss how they may be explained in terms of the cultural and institutional contexts of Pharmaz in general and Pharmaz India in particular.**

Among the main issues raised are:

Different leadership ideals appear to prevail in both the headquarters and in the subsidiary, which contributes to Amrita feeling 'squeezed' in her middle management position. The cultural clash of the Indian and Scandinavian cultures could induce a discussion on the cultural awareness of expatriates.

These issues may be discussed, for instance, by addressing Hofstede's concept of power distance. According to his study, Denmark and India are placed at different ends of the high/low power distance continuum. In addition, the balancing act of standardizing and localizing HMR in MNEs is a general challenge and can be discussed as well.

The following commentary might be useful to instructors: *This is an illustration of the importance of the second level of Schein's Iceberg model of corporate culture. Students often miss this and it might be worthwhile to draw their attention to ascertain their insight. This (Schein's) model proposed that the underlying assumptions (the third and deepest layer of corporate culture) are responsible for the shared beliefs about reality.*

There is, obviously, a different set of (unconscious) underlying assumptions and related beliefs that exist in the Indian society and manifest in Pharmaz India's corporate culture that prevents the acceptance of the espoused corporate values of the MNE. Difficult conversations are often part of culture change. Amrita and the Indian employees at Pharmaz India can see and talk about hierarchy defiance of the Danish culture. In their discussions, Amrita and Niels also became aware of how tokens of status or symbols of inequality (like job titles or qualification certificates) are down-played, under-played, or, indeed, actively discouraged in the egalitarian Danish culture. However, Amrita and her Pharmaz India colleagues are wrong not have the difficult conversations about the caste system that exist in society and affecting the workplace relationship. By not addressing an issue like this (one of their deepest or, at least, most sensitive underlying assumptions), they allow this element of organizational culture at the third and deepest level) to reign unhindered over and prevent the alignment in the subsidiary's culture with the espoused corporate values at the second level. In addition, according to Schein's model, artefacts and behavior are ultimate confirmations of the underlying assumptions that is perpetuated in the company. The Danish management should also insist that other manifestation of class differences, such as the driver allocated to Amrita are either available to all or unavailable to all.

Collaboration problems (internal misunderstandings and lack of communication) in one team might be discussed using the concepts of individualism vs. collectivism (Hofstede), institutional/in-group collectivism (GLOBE), and in-group/out-group definitions. Another approach might be to conceptualize the Indian culture in reference to Schein's model. Here, the influence of underlying assumptions and the former caste system can be addressed (refer to Chapter 2 for details). This could also open a convergence-divergence debate (refer to Chapter 1). Different staffing approaches (ethno-, geo-, poly-, and regiocentric) is another possible subject (refer to Chapter 5).

Other topics that could be discussed are concepts of time and the notion of performance orientation (GLOBE). The latter may be relevant in connection to employee motivation.

A further subject could be the form of social roles attributed to gender by society. Although this is not a main point here, it does play a role in Amrita's life and her former work experience (GLOBE).

Act 2

1. *Imagine yourself in Amrita's position. Which proposal would you make to Niels Nielsen and how would you argue in order to convince him?*

Implementation of corporate values:

The problem is not that the employees are unfamiliar with the values and the ways in which they are put into words by the company. They know the formulations by heart, but they do not know how to put them into practice. This is not surprising, since the corporate cultural context is alien to them and the implications of 'empowerment' and 'open communication' that seem obvious to Danish management may not be so to the local employees. If the company insists that the values must be practiced as uniformly as possible and wishes to make sure that headquarters' understanding of them prevails, a way to integrate corporate values, especially empowerment and knowledge-

sharing, could be to explain the background to and reasoning behind the values (i.e., make visible the values and underlying assumptions upon which these are built) in a very concrete way. Realizing HQ's frame of reference may help the Indian employees to understand these values and possibly conclude that some align with their own values. Some kind of 'learning by doing' may be required as well, which could be stimulated by more intense supervision and immediate feedback, although this is, inevitably, somewhat time-consuming and not in line with the new team leaders' job descriptions from Denmark, which stipulate that less time should be spent on supervision and checking up.

Another way to integrate the corporate values could be in very explicit communication of expectations in the form of new job descriptions. Empowerment can be clarified through explicit responsibilities and expected decisions, while knowledge sharing should be noted as a key responsibility. Although it may not be felt necessary at headquarters to be very explicit about which decisions each employee is empowered to and encouraged to make independently, it may be a good idea to spell it out, at least initially, so that employees feel they can act safely. The drawback, of course, is that this also adds to the bureaucracy that empowerment is intended to minimize.

Differences in socialization and educational institutions may also be included in the discussion. Amrita finds it likely that some of her employees who prefer explicit directions in their work do so because this manner of working has been encouraged throughout their education. To mediate between different concepts of time, a clear expectation could be formulated about the time slot, for example, for answering mails. However, this requires various amounts of feedback from both parties.

Another way of implementing knowledge-sharing could be the institutionalization of a short meeting every morning, which should be moderated by Amrita (as the Indian culture has a high score in power distance).

Amrita's role in this process could include observation as well as feedback and discussion afterwards with the team leaders a few days a week.

Motivation and retention of talented employees:

The discussion on motivation issues would have to include some consideration of the importance of status and pay in a highly competitive Indian society. The case shows this to be somewhat difficult to understand for the Danish managers, who take their point of reference from a Scandinavian egalitarian and welfare society. Compromise seems to present itself as the best solution here. It may not be realistic to retain ambitious and qualified employees if they do not feel adequately rewarded for their efforts, especially in the Bangalore context where the best employees are much sought after.

Ways to motivate and retain employees could involve promoting them through a more differentiated title structure as well as the awarding of prizes (e.g. for the employee of the quarter), as this is appreciated in the Indian context.

It seems good to introduce a reward system that takes knowledge-sharing and collaboration abilities into account, especially given the apparent importance of rewards to the employees.

The team bonus suggested in Sebastian's mail might also be an idea to consider, as this is in line with the collectivistic culture.

Act 3

1. Summarize what Pharmaz has done at headquarters to implement the corporate values. On this background, prepare a report for Sebastian with an overview of the steps taken by Amrita and Niels to implement the corporate values and reorganize work in the financial services center in

India. What are the major learnings for further implementation of the corporate values in other subsidiaries?

The answer to the first question (summarize what has done at headquarters to implement corporate values) is a direct summary of the steps narrated in the case study.

The learning from this case is, in essence, to consider local (subsidiary location, or host country) culture and values as much as that of the head office in the home country – especially when implementing any value-driven requirements.

2a) Do you feel the measures taken to implement corporate values and reorganize work in the financial services center have been appropriate? Why (not)? Outline the arguments underlying your answer.

There are many references from the case incidents that can support the following arguments:

Taking the perspective of Pharmaz's top management, and especially the CEO, their measures to implement corporate values in India are comprehensible, particularly given the fact that the company sees itself as value-driven. The issue is that the MNE Headquarters have chosen very culture-specific values, so it seems that there is room for more localization of HRM practices.

There are some indications that the rating of colleagues may not work as intended and may indeed be misused. If interpersonal issues within the group are not solved, one way to handle this would be to return to the concept of rating by superiors, but with special emphasis on the types of behavior in question. Still, it may not always be obvious to superiors as to who shares what with whom.

2b) What, if anything, would you have done differently?

Amrita could take more of a coaching role, asking her employees about *their* ideas to implement values instead of telling them how to do it. In this problem-based learning scenario, the employees could be encouraged to create *their own* concrete implementation suggestions, make *their own* plans for their days, and learn how to delegate tasks. Therefore, Amrita could support this process, without having to issue concrete instructions.

Concerning the differentiation of the title structure, one could keep a balance between the HQ and the subsidiaries. This means that a bit of localization with more titles is adequate, but it should not be exaggerated.

2c) How would you advise Amrita and Niels to proceed now to achieve the best possible result for Pharmaz India's financial services center? Why? Give arguments for your statement.

First, the term 'results' has to be differentiated: It can comprise motivation and retention or the incorporation of values. For some, to be successful and sustainable, it is inevitable that one should localize more and adapt management practices (communication, leadership, team processes, promotions, etc.) to the Indian culture and the historical context (war of talents, growth), as well as liberate oneself from the idea that one's own way is the best option to take. It is important to note that employee's needs must be met in order to enable retention.

In General:

Take time to implement values, and be aware that such things take some time.

Be aware of and live your own set of standards (e.g., use English as the corporate language).

Show profound respect and appreciation for every person as well as for countries; this will smooth the way for more direct communication.

Build awareness and respect the particularities of the Indian context (e.g., communication, power distance, time concept, and motivational tools).

A way to minimize the given issues in the future may be to recruit people that fit better into the organization.

In the **recruitment and selection process**, the focus should be on similar values. Another focus should be on communication and behavior styles that are in line with the corporate culture, to take into account the difficulties that stem from differences on this level. Try to recruit more EHCNs (ex-host country nationals) as employees, as these people tend to have more of a global mindset.

Once HCNs' training needs have been identified, offer training and development (as in the case of Amrita), to provide a frame of reference for the corporate culture. Make this culture, which is in line with Scandinavian culture, graspable and understandable – explain yourself. Offer **training** in intercultural conflict management for managers and team leaders, as well as in intercultural communication. Establish a tangible consciousness of their own culture (especially of values and unconscious underlying assumptions), as well as of the Scandinavian culture, e.g. with respect to Schein's model.

Develop existing and future staff through international assignments and send employees as in-patriates to HQ to enable, organizational learning, knowledge transfer, and a global perspective. Employ international assignments to develop shared values by normative control through socialization as they act as a method for encouraging different inputs into decisions and problem solving.

Cultural awareness training for expatriates should be binding (refer to Chapter 7).

Continue reward programs for achieving desired attitudes and behaviors. The rewards should have a strong emphasis on collectivism, and motivational tools should be more social, interpersonal, and spiritual.

Continue with the differentiated title structure, as this is a good motivator and fits into the cultural context.

Institutionalize open communication: Knowledge-sharing on a digital platform, meetings directed by a manager or team leader.

Evaluation (e.g. through interviews with trained interviewers) should take place regularly.

The following commentary might be useful for instructors: Individual versus group performance (perhaps address notions of performance orientation, in-group collectivism and individualism). Amrita should talk to the team members individually to clarify the situation and make sure no one loses face. It is indicated in Acts 1 and 3 that Shankar has a good relationship with the regional manager, Ganesh Karanth, something which may be discussed in terms of in-group/out-group consideration (refer to note about SIT after case 7).

It is indicated that attitudes towards caste may be at stake here (refer to earlier comment about Schein's model), but we cannot be certain based on the information in the text. Caste-based discrimination is illegal in India, but it remains a sensitive issue that is considered taboo in many contexts in Indian society. Although its importance and relevance in a modern Indian organization may be denied, sociological research indicates that prejudice based on caste is still widespread. Balvinder Singh's surname also indicates that he probably belongs to the Sikh religion, but the case contains no clues as to whether this may be a problem. The handling of issues such as caste and religion does represent not only a managerial problem, but also an ethical one because if

discrimination based on caste or religion is indeed in play, it poses a problem in a company that has a stated corporate value of equal opportunities. The fact that Sebastian mentions the two other corporate values, but not equal opportunities, in his mail could be an indication that he has a sense that it may be problematic. However, it is unclear as to what should be done about it. Should Pharmaz be pragmatic or idealistic? Addressing the issue directly may be risky and result in several negative reactions and maybe even the loss of qualified employees. On the other hand, the argument could also be made that idealism would be the best business strategy in the long run. In any case, the caste issue should probably be addressed cautiously, and only if there are strong indications that this is actually at the root of the problem.

Further Reading

- Gertsen, M. C., & Zølner, M. (2012). Recontextualization of the corporate values of a Danish MNC in a subsidiary in Bangalore. *Group and Organization Management*, 37(1), 101–132.
- Gertsen, M. C., & Zølner, M. (2014). Being a “modern Indian” in an off-shore centre in Bangalore: Cross-cultural contextualization of organizational identification. *European Journal of International Management*, 8(2), 179–204.
- Gertsen, M. C., & Zølner, M. (2020). Interpretive approaches to culture: What is interpretive cross-cultural management research? In Szkudlarek, B., Romani, L., Caprar, D. V., & Osland, J. S. (Eds.), *The SAGE handbook of contemporary cross-cultural management*, (pp. 34–50). London, UK: Sage.