Voices on HRM Practices: Employee Interpretations at the Subsidiary of a Danish MNC in Bangalore

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ABSTRACT

The article explores the transferability of human resources management practices across cultural contexts. It argues that we need to adopt an interpretative approach to culture; that is, to consider employees as social actors who creatively make sense of HRM practices in light of legitimate patterns of meaning in a given context as well as their personal interests. The article also argues that establishing context specific management scripts offers procedural knowledge of an emic nature which, unlike cultural mapping proposed by aggregate cultural dimensions, furthers our understanding of how employees interpret HRM practices and in turn may influence how these practices are implemented. In this way, the article contributes to the IHRM literature on transferability by proposing an interpretative approach to culture as an alternative to the prevailing positivist conceptualization within the IHRM field. Second, the article adds to theory beyond HRM by introducing the concept of management scripts as a way to capture contextually embedded patterns of meaning that are likely to contribute in shaping the way in which social actors interpret legitimate exercise of power in organizations. Finally, this case study adds to the growing body of knowledge of HRM in an Indian context.

Keywords: Cross-cultural transfer of practices, Denmark, India, interpretive approach, management scripts.

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1.0 INTRODUCTION

Multinational companies (MNCs) are increasingly forced to standardize their human resources management (HRM) practices across organizational entities as a means to manage their business in a more globally integrated manner and increase efficiency (Morris et al., 2009). As a consequence, how

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to successfully transfer HRM practices across institutional contexts has become an important issue for MNCs. International human resources management (IHRM) literature debates this topic extensively in terms of transferability or convergence of HRM practices (e.g. Szulanski and Winter 2002; Aycan 2005; Björkman and Lervik 2007; Morris et al. 2009; Bonache et al., 2012). However, what makes such transfers succeed or fail is only partially understood. Extant IHRM literature draws primarily on neo-institutional theory (e.g. DiMaggio and Powell 1983; Meyer and Rowan 1977) and functionalist culture theory (e.g. House et al. 2004) to comprehend the role of local contexts. These theories share the assumption that measuring ‘distance’ between institutional or cultural differences can help predict the probability of transferability. This leaves little, if any, room for agency and hence for comprehending change or unexpected outcomes when ideas, procedures and practices travel across institutional contexts and national cultures. From within IHRM literature, neo-institutional theory has, indeed, been criticized for falling short in accounting for MNCs that span across multiple institutional contexts. As a consequence, some scholars call for ‘a blended institutional perspective, where the broad concepts of social embeddedness of organizations are intertwined with the ideas of agency, social construction, and power and politics’. In addition, other scholars point to the need to include an employee perspective and to consider that two employees may interpret the same practice differently. Finally, from within International management literature, studies illustrate that hard as well as soft technologies (including HRM practices) may acquire new and unanticipated meaning when transferred from one institutional context to another (e.g. Brannen 2004; Gertsen and Zølner 2012, 2013). Drawing on semiotics and pragmatics, scholars point to the need to comprehend how social actors negotiate meaning across cultural boundaries in an interactive process within prevailing patterns of meaning in a given social context and depending on their ‘cultural stand’. It follows that extant literature suggests that we need to conceive of transference as a process of social interaction to which all organizational actors contribute in making sense of HRM practices when they are transmitted from one unit to another within an MNC.

When addressing the issue of the transferability, this article will explore how employees interpret HRM practices within a given organizational context and environment. The analysis is based on an in-depth, qualitative case study of local white-collar employees in a Bangalorian subsidiary of a Danish MNC, which will be referred to as Danbicom in order to preserve the anonymity of the interviewees. The research design involves carrying out open-ended interviews and observations, thereby letting in the perspectives of the local employees. In analysing the data, particular attention is paid to the broadly defined HRM practices of daily management and motivation, employee development, promotions and title structure, because these topics arose repeatedly during interviews with local employees in Bangalore as well as during interviews with managers at Danbicom headquarters in Denmark. The analysis addresses the following questions:

1. Which aspects of HRM practices in Danbicom India do local white-collar employees in the subsidiary endorse or criticize and how?
2. Which ambivalences and differing interpretations do local white-collar employees voice with regard to Danbicom HRM practices and how?
3. How do the interpretations of white-collar employees influence the transfer of HRM practices?

The article argues, first, that to further our understanding of the transferability of HRM practices among subunits within MNCs we need to conceptualize employees as social actors who creatively interpret and make sense of HRM practices on the basis of their position within an organizational and institutional context. Second, the case study demonstrates how local employees draw on context specific values and norms for how to legitimately exercise power when making sense of HRM practices. However, divergent interpretations between two groups of local employees also suggest that such contextually embedded norms and values are enacted in various ways depending on the interpretations of the organizational actors.

This study makes several contributions. First, its findings contribute to the literature on transferability and to IHRM theory in general by highlighting the need to include an interpretive approach to further
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our comprehension of the transfer of practices across boundaries; that is, to consider employees as social actors who through on-going processes of interpretation assign meaning to everything that happens to them, including their work experiences. Their interpretations are likely to influence the transfer of HRM practices. The case study corroborates hereby the limits of the positivist conceptualizations of culture and neo-institutional theory that prevail within the IHRM field (Reiche et al. 2012). The theoretical implication is, therefore, to point to an interpretive approach to culture as an alternative. Conceiving of culture as patterns of meaning upon which social actors may draw when making sense in a given context leaves room for understanding on-going and unanticipated sense-making processes in a subsidiary.

The second contribution of the article goes beyond HRM theory: the introduction of the concept of management scripts. Management scripts capture context specific repertoires of common and conventional ways of exercising and responding to power that are likely to frame how organizational members interpret organizational events, while allowing for divergent interpretations by different groups of employees within the same organizational context and environment.

This study is structured as follows: It begins with a discussion of the IHRM literature with regard to the conceptualization of culture when addressing the question of the transferability of HRM practices and introduces its argument by drawing on an interpretive approach. This is followed by a description of the research design and the case context, with the aim of clarifying the organizational context in which local employees in the subsidiary in Bangalore make sense of HRM practices. It then establishes management scripts on the basis of the extant literature on Scandinavia and India. Subsequently, these scripts are used when reading accounts by local employees of their experiences of human resource practices in Danbicom’s Indian subsidiary. It concludes with a discussion of how this study contributes to extant theory on the transferability of HRM practices and highlights the practical implications of this study of HRM in foreign subsidiaries.

2.0 INTERNATIONAL TRANSFER OF HUMAN RESOURCES MANAGEMENT PRACTICES

The transferability of management practices is a vital issue in MNCs (e.g. Björkman and Stahl, 2006). While convergent global HRM practices in particular are considered to contribute to the global competitiveness of an MNC (e.g. Teagarden and Von Glinow, 1997; Von Glinow et al., 2002; Pudelko, 2005), extant literature cannot fully account for why certain practices converge whereas others diverge (e.g. Morris et al., 2009; Davi et al., 2013). Within the IHRM literature two interrelated debates can be distinguished. One debate revolves around the question of whether HRM practices in general develop towards more convergence as a result of globalization processes. In a macroeconomic perspective, drivers of convergence are established as external competitive factors such as benchmarking, best practices and information and communications technology) tools which, in a continuous search for competitive advantage, are considered to be leading towards isomorphism. The drivers of divergence or localization are the plurality and diversity of institutional contexts and their distinctive national industrial relations, educational systems and cultures, both national and organizational (e.g. Aycan, 2005; Pudelko, 2005; Festing and Eidems, 2011; Bonache et al., 2012). A second debate addresses the question of transferability from the perspective of individual MNCs, namely in terms of the replication of specific human resource practices across subsidiaries. Replication is defined here as reproducing a successful practice in a new location (Szulanski and Winter 2002; Morris et al., 2009). However, in both these debates, culture is primarily conceptualized by means of aggregated models of cultural dimensions that, measured at the national level, are compared with a view to determining cultural distance.

Drawing solely on this positivist conceptualization of culture is limiting, as pointed out by numerous scholars within a variety of fields, including organization, communications, marketing and management as well as intercultural studies (Sackmann and Philips, 2004; Nakata, 2009). The aggregated models of cultural dimensions do not consider how organizational actors and their interactions in a specific context may influence the implementation of HRM practices. Literature demonstrates that dynamic
processes of social interaction may lead to a negotiation of meaning that can either favor or disfavor positive outcomes in a manner that the concept of cultural distance does not help us to explain (e.g. Brannen and Salk 2000; Brannen, 2004; Sackmann and Philips, 2004; Nakata, 2009). This points to the potential contribution of drawing on an interpretative approach.

3.0 INTERPRETATIVE APPROACH AND MANAGEMENT SCRIPTS

In an interpretative approach, cultures are conceived of as patterns or webs of significations that social actors draw on and contribute in ‘spinning’ when making sense of the life they live in a way that is legitimate in a particular context (Geertz, 1973). It follows that webs of signification do not determine the interpretations and actions of social actors. From within the broad field of sociology and organizational studies, scholars have demonstrated that social actors operating within same patterns of meaning can have differing views and interpretations of similar events (e.g. Barth, 1969; Bourdieu, 1977). Social actors also relate to their individual backgrounds and interests when making sense of the lives they live, and when doing so they contribute in creatively reconstructing webs of signification. In their study of an Israeli high-tech corporation, (Ailon-Souday and Kunda, 2003) eloquently illustrated that employees may draw on national cultures and identities as symbolic resources to further their own interests and status in internal organizational struggles. However, other scholars have also demonstrated that although organizational members and leaders perceive of themselves as being ‘transnational’ and ‘global’ they may draw tacitly and unintentionally on context specific management practices (Zander et al., 2011).

In the following the term ‘management scripts’ will be used to refer to context specific values and norms with regard to how leaders exercise and display power legitimately and how subordinates are expected to respond. By scripts we will imply a framework for categorizing and understanding that may guide, without determining, behaviors and actions and influence how they are interpreted by organizational members. Rather than processing all available informational cues when deciding how to understand or to act in a specific situation, organizational members are likely to draw on established individual and/or consensual schemas to understand and to respond to organizational events and situations (Gioia and Manz, 1985). Management scripts are conceived of as context specific repertoires of common and conventional ways of exercising and responding to power that are likely to frame how organizational members interpret organizational events. Management scripts are contextually embedded in the sense of constituting dominant understandings in a given local environment that organizational members have to take into account, without necessarily sharing or identifying with such scripts. Hence, management scripts function as repertoires that organizational members may enact and combine differently depending on their position in a given situation and the interests they aim to promote. Insights into such scripts further our capacity to interpret the expressions of employees against the background of the context in which they are produced. That is, both in terms of how employees comply, diverge or creatively combine elements from prevailing ways of exercising power in the local environment of organizations.

The concept of management scripts differs from the aggregate perspective on culture in several ways (House et al., 2004). One is that the concept of management scripts offers an interpretive approach to culture as constituting dynamic patterns of meaning that the frame the interpretation of social actors without determining it. This is in contrast to the aggregate culture perspective that maps cultural differences according to predefined cultural dimensions with a view to predicting social action. A second difference is that the concept of management scripts includes knowledge of a more procedural nature, i.e. knowledge which concerns the underlying functions, that is, what we know about how to do something (Earley and Ang, 2003). In contrast, cultural dimensions in the aggregate perspective provide merely declarative knowledge, i.e. information in the form of facts and propositions about a given culture, such as the average level of power distance (Earley and Ang, 2003). This study will draw on extant management literature to establish prevailing management scripts in the Indian and Danish contexts (see below).
4.0 RESEARCH DESIGN AND METHODOLOGY

This study applies qualitative methods as a means to explore and gain insight into how local employees subjectively experience and make sense of the HRM practices of Danbicom (Marschan-Piekkaari and Welch, 2004). It is designed as a single case study, as this allows us to explore the local employees interpret HRM practices against the background of the cross-border and cross-cultural setting in which they are produced.

4.01 COLLECTION OF EMPIRICAL MATERIAL

Eight individual interviews and four focus group interviews were conducted at Danbicom headquarters in preparation for fieldwork. Documentation, such as annual reports, brochures on corporate values and web pages, was also studied. In the subsidiary, 7 expatriates and 19 local employees were interviewed, all of whom were white-collar workers, occupied different positions in the organization, from junior employees in the global financial service centre with no managerial responsibilities to production managers with up to 100 subordinates. They were asked a wide array of open questions to encourage them to reflect upon how they experience working in Danbicom India, including their collaboration with headquarters and expatriate managers. The interviews lasted between one and two hours. All interviews were recorded and subsequently transcribed.

Data of a more ethnographic nature is used to complement the interview material and support the interpretations in this study. In situ observations offer access to some of the tacit and implicit assumptions that individuals take for granted and to which they therefore are unlikely to give verbal expression. One observation method, ‘shadowing’, is defined as ‘following selected people in their everyday occupations’ (Czarniawska, 2007, p. 17). Thirteen local employees and two expatriates were shadowed, each for a half-day, with a view to observing how they interacted with colleagues, superiors and subordinates. Observations were carefully documented and organized. Although the presence of an interviewer did not go unnoticed, shadowing provided additional insight into formal and informal interaction between employees and managers (e.g. use of markers of hierarchy such as Sir/Madam, active or passive participation in meetings). The collection of empirical material was concluded when the gathering of additional data did not seem to uncover new and relevant evidence (i.e. category saturation, as defined by (Strauss and Corbin, 1998). At the end of the second round of interviews, emerging elements of this analysis were presented to interviewees to validate that they were recognizable to them (Strauss and Corbin, 1998).

4.02 CODING AND CATEGORIZATION

The data from the first round of interviews and observations were coded by hand and in an iterative process by the two researchers conducting the fieldwork. The first stage of the coding and definition of potential codes was carried out by each researcher independently. In the second stage, researchers discussed and compared code suggestions in order to reach an agreement as to which codes to use and which topics were recurring. The transcripts of each interview and notes from observations were first analyzed individually, and then inter-textual comparisons were made to identify similarities and differences in the subjective experiences of the interviewees. This first analysis indicated dissimilarities in the interpretation of HRM practices between groups of employees in the subsidiary. This led to distinguishing between the global financial service center and other departments. Divergent understandings also emerged when comparing headquarters managers and managers at the subsidiary. This led to a reading of the extant literature with a contextual angle on management in order to establish contextually embedded management scripts with a view to analysing our primary material against its contextual background (see below).

4.03 LIMITATIONS

Some limitations are inherent in the research design presented above. While the strength of an in-depth qualitative case study is to provide rich and contextual insights for exploring the interrelationship
of the social phenomena studied, it cannot uncover clear-cut and generalizable causalities (Piekkari et al., 2009). It follows that additional empirical research is required to further determine the relationship between agency, context specific management scripts and the transferability of HRM practices.

5.0 DANBICOM AND MANAGEMENT

The case company is an MNC in the biotechnology business employing more than 5000 people. About 2000 employees work in Denmark, where the company is headquartered; the rest are distributed throughout subsidiaries in more than 30 countries around the world. Danbicom aspires to be a values-based organization and to lead its employees via a set of commonly shared values that frame its HRM practices. Its values-based approach implies flat hierarchies with few titles, a large margin for individual decision-making, openness to ideas from employees at all levels, and respect for competences and results rather than for formal titles. Interviews with headquarters managers further illustrated that they considered Danbicom’s corporate values as an integral part of a system of HRM practices aimed at motivating and retaining employees. The corporate values and values-based management were to be applied in Danbicom’s worldwide subsidiaries as a way to induce a shared interpretation of corporate practices, policies and procedures.

As a result of the increasing strategic importance of the subsidiary, efforts to implement Danbicom’s corporate values and HRM practices intensified. The headquarters-based corporate culture auditor team visited the subsidiary twice, in 2007 and 2009, and commented, in line with views expressed by expatriate managers and those at headquarters, that local employees had difficulty understanding what was meant by being encouraged to make their own decisions. They were uncertain of the scope of their liberty. At the same time, local employees voiced a general endorsement of Danbicom’s HRM practices and values. Some even expressed a wish for more empowerment, implicitly criticizing Danbicom’s flat hierarchies. This suggests divergent perceptions of which behaviours are expected and should be rewarded at respectively the corporate and local levels, as well as between different groups of local employees. As a basis for further exploration of these divergent perceptions, the following section will establish the prevailing Danish/Scandinavian and Indian management scripts according to the extant literature.

5.01 MANAGEMENT SCRIPTS IN SCANDINAVIA AND INDIA

Literature characterizes Scandinavian management in terms of an empowering, inclusive and participative style (Selmer and Lauring, 2013). A good manager is expected to empower his subordinates by including them in decision-making processes and encouraging them to make suggestions and act independently. Moreover, a widespread egalitarian spirit and a sceptical attitude towards formal authority structures imply that the ideal manager is viewed as ‘first among equals’, inferring that power differences are likely to be downplayed rather than displayed (Grenness, 2003; Schramm-Nielsen, Lawrence and Sivesind, 2004; Madsen and Albrechtsen, 2008). Thus, to be accepted, power is likely to be displayed in subtle ways and exercised in impersonal and implicit ways. As such, a leader will tend to offer suggestions, ask questions and define procedures and targets to be achieved and emphasize company values rather than issue direct orders. Literature shows that exercising power in this implicit but impersonal way is common among MNCs of Danish origin (Selmer and Lauring, 2013). Moreover, scholars contend that the preference for implicit and impersonal management in Scandinavia has led to a preference for values-based management, i.e. leading through shared values that are supposed to guide the actions of employees (Grenness, 2003).

Scholars writing on India argue that in cross-cultural comparisons ‘India emerges as a cultural island’ (Budhwar and Varma, 2011, p. 320; see also Kumar, 2004; Varma and Budhwar, 2012). This despite a high degree of cultural diversity within India, a nation comprising 1.2 billion people (2011 census), 22 official languages, seven officially recognized religions and a very large number of different castes, ethnic communities and other social groupings. Accordingly, scholars have identified some general trends.
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characterizing Indian workplaces and superior-subordinate relationships. One trend a general tendency to accept that power is unequally shared among members of society and organizations, and therefore to accept hierarchy and its expressions, such as titles, ranks and their associated privileges (Virmani and Guptan, 1991; Pereira and Anderson, 2012).

A second trend in India is the prevalence of a paternalistic leadership style, which is pointed out by number of scholars (Amba-Rao, Petrick, Gupta and Von der Embse, 2000; Varma, Srinivas and Stroh, 2005; Pellegrini, Scandura and Jayaraman, 2010). Paternalistic leadership is described as ‘a hierarchical relationship in which a leader guides professional and personal lives of subordinates in a manner resembling a parent, and in exchange expects loyalty and deference’ (Sinha and Sinha, 1990). To capture a particular Indian version of paternalistic leadership, Sinha coined the label ‘nurturant leadership’ (Sinha 1980). This indigenous approach was developed as an alternate model that goes beyond mere comparison with Western models (Gopinath, 1998). Other attempts at developing indigenous Indian approaches to management take their point of departure in historical or spiritual/religious sources, such as (Bhatta’s, 2005) model for leadership based on the Buddhist Emperor Ashoka (304 BCE – 232 BCE), (Chattopaday’s, 2002) contribution on the relevance of the principles of yoga to work in organizations, and (Chakraborty and Chakraborty’s, 2006) book on the application of Hindu values to management (see also discussion in Schwabenland, 2010 and Rao, 2012).

While it may be argued that these authors go even further than (Sinha, 1980) in their endeavors to root their models deeply in a regional context, the concept of paternalistic leadership is more immediately relevant to the cross-cultural context of this study. In the particular Indian script of paternalistic management, a good superior sees it as his mission to provide guidance and opportunities to enable his subordinates to develop professionally and personally (Sinha and Kanungo, 1997, p. 101). In an article reporting on three studies of ‘transformational leadership’ in India, (Singh and Krishnan, 2007) also point out that subordinates expect a personal relationship with their superiors; i.e. a manager is expected to take an interest in the ‘whole person’. They conclude that exhibiting a personal touch and nurturing behaviour is legitimate in Indian management contexts.

Implications of paternalistic leadership are thus a clear hierarchy and a personal rather than organizational commitment. This type of leadership is also affective rather than instrumental (Matheu 1987). In other words, subordinates are comfortable working for ‘someone’ as opposed to an impersonal institution or principle. Scholars point out that relationships and personal bonds are highly valued according to Indian cultural traditions (Sharma, 2012). A personal relationship with a superior is therefore considered to boost employee motivation, morale and loyalty (Sparrow and Budhwar,1997; Björkman and Budhwar, 2007; Saini and Budwar, 2012). This is confirmed by research indicating that impersonal and purely result-oriented management styles are rarely successfully implemented in Indian contexts (Karkun et al., 2008). According to research on subsidiaries of foreign MNCs in India, local employees and managers often regret headquarters’ lack of sensitivity to the importance of personal relationships and social and family obligations (Sinha, 2004; Van Marrewijk, 2010).

This personal relationship further implies that subordinates are motivated to work for someone they consider a ‘good’ superior. Extant research shows that Indian organizations in general emphasize employee welfare in a manner that has been linked to paternalism and the importance of relationships implying reciprocal behavior (Sparrow and Budhwar, 1997). Chhokar adds that there is a preference for a ‘morally principled and ideological’ style of management, in the sense that although a leader is judged on results, his means of achieving them are important, too (Chhokar, 2008, pp. 984-985). This is likewise illustrated by interviews with leaders of major Indian companies, in which they claim to be committed to ‘serving’ their employees by taking on responsibility for their growth. The leaders also see themselves as guides or teachers, i.e. role models whose behaviour is to be emulated (Cappelli et al., 2010). This emphasis on a personal relationship and the nurturing of subordinates is also found in several studies of Indian management (Matheu, 1987; Roberts et al., 2000; Chhokar, 2008).

It follows from the above that on the basis of extant literature Danish and Indian management scripts differ considerably with regard to the manner in which power is exercised, representing an implicit and
implicit management scripts can further our understanding of how one is expected to exercise power to be perceived as ‘good’ in the Danish/Scandinavian and Indian contexts. However, in line with the interpretative approach, superiors and subordinates are not guided exclusively by these contextually embedded scripts. They are likely to twist these scripts and/or to draw on other frames of reference that are considered useful to furthering their strategic interests in relation to their position in an organization. With regard to the Bangalorian context, many local employees, especially those at higher levels in the organization, had either been educated in institutions influenced by models and theories originating in the West or had completed their training in the West. Therefore, as pointed out by (Budhwar, Woldu and Ogbonna, 2008), this group of employees is especially likely to draw on different scripts alternately, depending on the situation. In the second part of this study, dissimilarities between more internationally oriented employees in the global financial service centre and employees in other departments will be discussed.

5.02 WHEN LOCAL EMPLOYEES MAKE SENSE OF HRM PRACTICES

In all departments and regardless of managerial responsibility, local employees describe Danbicom as a motivating and encouraging employer. They praise factors such as working hours, holidays, learning and professional development, reconciliation of personal and professional lives and openness and accessibility of managers. They describe Danbicom as being ‘people-centric’ and as having a ‘human touch’.

Interviwees from all departments cite the important role played by their managers. They say that it is particularly motivating to have managers who listen to them and make an effort to get to know them. Several employees express their appreciation of local and expatriate managers who are approachable and respond personally to their concerns. They interpret this as a sign of consideration that makes them feel important. Indeed, many local managers use the expression ‘making employees feel important’ by giving them time and attention. For example, the managing director of the subsidiary explained: ‘We cannot satisfy everybody, but we can listen and explain why we do what we do.’ HR managers also describe initiatives, such as awards, training, newsletters, travel opportunities and surveys, to increase employee satisfaction:

[…] there are a lot of surveys like the Opinion people survey. [It] is very important. Afterwards we sit with them and we discuss all the feedback and we take their suggestions. […] That is something that they feel happy about. They didn't have that kind of opportunity in the previous organization.

There are numerous other examples to illustrate that employees expect a personal and affective relationship with their manager. For example, a local manager in production proudly says that he knows the names and family situations of all the employees in his department (about 100). He makes a point of telling his employees that they are always welcome to approach him with questions or suggestions, and he finds that most of them appreciate this opportunity. A local employee stresses the importance of ‘a personal relationship you share with your boss’, who should ‘understand us and take emotional care of us.’ When asked how a manager should go about creating a good personal relationship, another local employee explains that a manager should be attentive to employees’ concerns, including those that go beyond work-related issues:

I think [a manager] should know about the person, his background, his family. And if he’s discussing his problems […] you try to figure out if you can help him in some way. […] It’s not only the work life, but also personal.

In response to these endeavours, subordinates are expected to make an extra effort and be loyal:

If you have a very good [personal relationship] with your subordinate then he might make some extra effort to get things done – in India. […] It all depends on personal relations, right?
One local employee expresses this sentiment in a similar way: ‘It is very important for a manager to know a [subordinate]. Otherwise, he will never be devoted in his work.’ This example indicates that the bulk of responsibility for establishing a good relationship between subordinates and their superior lies with the latter. One interviewee explains that because subordinates find it difficult to initiate communication with their superiors, managers need to make subordinates feel sufficiently at ease to voice their concerns. Otherwise, managers are unlikely to understand why things are not happening.

The interviews in this study provide numerous examples of how through small gestures Danbicom managers have demonstrated consideration for individual employees who, in return, claim to have become particularly dedicated. Such gestures include providing the occasional possibility to work from home to avoid wasting time in traffic jams or to care for ailing children or parents. Managers also pay particular attention to newly recruited employees. For example, a middle manager who was recently hired to build up a new unit in the global financial service centre describes how pleased he was to receive a long email from his future superior (a Danish expatriate) immediately after he accepted the position: ‘The superior was welcoming me on board and saying that he looked forward to setting up the department with me, so that was very encouraging.’ Interviewees express that visits by managers from headquarters had a significant motivational effect:

I am just a team leader, so it makes a profound positive influence on employees that a senior person from Denmark comes and talks to them. Lot of things that they would be concerned with [...] go away because somebody at the very senior level takes time to talk with them.

Nevertheless, other interviewees implicitly suggest that some headquarters or expatriate managers have not – or not yet – established a personal and attentive relationship with their subordinates. When asked whether he feels that his colleagues at headquarters understand the complexities of Indian life, one interviewee answers quite bluntly: ‘No, no, no!’ However, he does add that in his experience, even a headquarters manager will eventually understand after about six months, especially if he also comes to visit.

The comments made by the interviewees at the subsidiary clearly illustrate that they expect the hierarchical relationship to be explicit. This is in striking contrast to the expectations of headquarters and expatriate managers, who in accordance with MNC values and practices expect to be addressed by their first name and no title. Expatriate managers express an aversion to being addressed as ‘Sir’; one even refers to this practice as being ‘disgustingly submissive’. Although they actively try to change this particular behaviour, the expression of hierarchy tends to persist. As one expatriate manager explains, even though employees shift to using his first name some still behave as if he were Sir. Local managers observe that employees coming from Indian companies often continue to address their bosses as Sir and that it is very difficult to change. Their accounts offer insight into how the local managers maneuver creatively and flexibly between divergent expectations with regard to the explicitness of power. One local manager explains that while he does not correct his subordinates, he always addresses his Danish managers by their first names, as they do themselves. However, he does make an exception on occasion when he jokingly addresses one expatriate manager as Sir. He is aware that this manager, his former superior, feels particularly irritated when addressed in this way. Another local manager further observes the practice of using first names is slightly confusing to people from outside the organization. When her subordinates use her first name, clients do not understand that she is the responsible manager. She uses Sir to address civil servants and important people when she meets them for the first time.

5.03 LEARNING AND DEVELOPMENT

When explaining why they think Danbicom is a good company to work for, interviewees (with and without managerial responsibility) also point out that the company has provided growth opportunities. Likewise, most interviewees mention the potential for future learning as the main reason they stay at
Danbicom. For example, one interviewee explains that he has defined his personal goals with his immediate superior as ‘to grow either horizontally or vertically.’ He finds potential for growth exceptionally motivating. Furthermore, most interviewees assign responsibility for learning and professional development to their manager, whom they expect to guide them. One local manager specifies that a superior should know what to do, give orders and follow up with feedback on ‘what is good and bad.’ Generally, the interviewees expect their superior to know most of the answers to questions concerning work in their department, including those regarding specific technical matters. This legitimizes the position of a superior as someone who can assist employees in expanding their qualifications. Interviewees express expectations of the manager induced learning in several ways. A local manager underlines her commitment to passing on all her knowledge to a newly recruited employee and says that she expects the same from her own superior, an expatriate:

He knows [about certain work-related issues], so I would definitely like to extract as much as possible from him on that. [...] Or if I have some problems, I go straight away and talk to him: ‘How do I handle it?’ That is what I would expect from [my subordinates] also.

It follows from the above reading that irrespective of their hierarchical position, professional background and the department in which they work, interviewees expect a personal and attentive relationship with their managers to help them grow. This expectation and the interaction with expatriates and headquarters appear to reflect elements of the Scandinavian and Indian management scripts that we established above. That is, the Indian management script appears to contribute in shaping local employees’ appreciation of a personal relationship with the manager and their expectation that a manager will help them grow by transmitting knowledge. However, careful reading of the empirical material also illustrates divergences in the way in which interviewees enact the management script. The following section will analyse the empirical material with a focus on dissimilarities between local employees’ interpretations.

5.04 REPLICATING HRM PRACTICES: TWO GROUPS OF EMPLOYEES

Shadowing individuals in their daily work provided several opportunities to observe efforts made by expatriates as well as local managers to motivate employees to express their opinions. During internal planning meetings in the sales department and the global financial service center, for instance, the expatriate directors chairing the meetings frequently asked participants for their opinions and suggestions, thereby indirectly encouraging them to participate in decision-making as expected in Danbicom. Both directors did so in a forthcoming and polite manner. However, the subordinates, especially in the sales department, were hesitant to contribute anything more than factual information, and they seemed uncertain as to what exactly was expected from them. Only when the director indicated the course of action he had in mind did some of the employees venture to put forward a few remarks, all more or less paraphrasing what had just been said. In the global financial service center the director received a somewhat more active response to his promptings. Even though the discussion did not flow very freely in the beginning, several employees offered comments and suggestions regarding future activities. Some participants seemed to be making a conscious effort to do so, although they appeared a bit tense initially. With the director’s generally constructive reactions, however, the interaction gradually became livelier. These observations are amongst several indications suggesting that the group of employees in the global financial service center reacted differently when headquarters managers tried to involve them in decision-making.

5.05 GLOBAL FINANCIAL SERVICE CENTER: INTERNALLY ORIENTED EMPLOYEES

For the start-up of the global financial service centre, recruitment criteria were a bachelor’s or a master’s degree in accounting, professional experience from offshore in other international MNCs in the Bangalore area (i.e. Accenture, IBM) and an English accent that was easily understandable at headquarters and across its subsidiaries. HR as well as managers in general repeatedly commented on the difficulty of hiring candidates with such an international orientation in the competitive local labour
market. Moreover, the retention of well-qualified employees with international experience was a major concern, as frequent job shopping was widespread as part of a quest for higher salaries and a career boost.

A closer look into the background of the employees in the global financial service center shows that they were educated in institutions influenced by ideas originating in the West, have professional experience from other foreign-owned companies in Bangalore (Accenture, Deloitte, etc.) or have received training at Danbicom headquarters in Denmark. These qualifications are in contrast to those of most employees in the sales department, customer solutions, R&D, production and supply chain management. Headquarters managers and the expatriate director of the global financial service center comment that this group of employees is very career conscious, and more openly so than other employees in the organization. Their CVs also reveal that they usually change jobs after a couple of years in the company. So far, most employees have not been at Danbicom for very long, since the service center has grown quickly. Retention is a main preoccupation as well as recruitment, as headquarters plans to expand the center given its increasing strategic importance. Since the salaries offered at Danbicom are at the average level for international MNCs in Bangalore, the company's ability to retain employees and to recruit is likely to depend on its ability to fulfil employees’ expectations in terms of career growth and working conditions.

The interviewees from the global financial service centre quite overwhelmingly endorse HRM practices and management. They also describe themselves as ‘modern Indians’ and are critical of what they refer to as the ‘traditional’ style in Indian companies. They frequently mention that this traditional style differs in several ways from Danbicom's managerial and HRM practices and often emphasize these contrasts when expressing their approval of the latter. In comparison with other international MNCs, they find that Danbicom offers the attractive possibilities of shorter working hours and working from home, which is beneficial to family life. However, this endorsement is not without contradictions. Indeed, these employees appreciate a company culture with little hierarchy, openness and access to senior managers and working relations in which managers ask their subordinates what they think (e.g. ‘I never expected a person from the top level to mingle with the people and chatting in that way. That I really like in [Danbicom], no hierarchy [...]’). Yet, as they are also ambitious and impatient to advance in the company hierarchy, they also regret Danbicom’s undifferentiated title structure. Many interviewees mention that they would like more frequent possibilities for formal recognition, preferably each year, so that their progress on the career ladder was reflected in their title.

Accommodating this desire is a challenge for the director of the global financial center, an expatriate manager. He has already included more differentiations at the levels below manager, as he has the discretion to do so. This revised title structure for India includes a specification of the criteria to be met in order to advance from one step to the next. For instance, in the global financial service center, a test dealing specifically with Danbicom India’s financial tasks has been developed, and when employees are selected as Employee of the Month, they are given the opportunity to take it. If they pass, they receive the title of analyst. However, this is not possible at the level of manager and beyond, because the director is obliged to follow the overall global title structure of the company. Nevertheless, recognizing the motivational effect of these titles on the local employees, he is considering pushing for the nomination ‘head of’, although this is not used in the rest of the organization. Danbicom’s undifferentiated title structure and flat hierarchy are perceived an obstacle to meeting the recruitment demands necessary for the expansion of the center. Candidates consider flat hierarchies as offering few career advancement opportunities, and this constrains recruitment, especially at the management level, where the needs of the center are urgent.

The empirical material in this study illustrates that other local adaptations of HRM practices at the center likewise relate to compensating for the flat hierarchy. As part of a reward system, immediate supervisors rate employees on their performance. Once a year, the Employee of the Year is nominated and receives a financial reward. According to one of the managers at headquarters this initiative was launched shortly after the center was established. Initially, an Employee of the Month was nominated
to acknowledge a team member who had performed particularly well during a virtual meeting with headquarters. One of the local managers had suggested the idea. When implemented within the first team, managers at headquarters found it difficult to take seriously and initially administered it so that all team members would take turns to receive the price – ‘in a typically Danish manner’, as observed by one of the headquarters managers. Headquarters learned, however, that the employees interpreted the initiative at face value and expressed pride in receiving the prize, and, just as importantly, the appreciation letter since it could be attached to their CV.

<table>
<thead>
<tr>
<th>HRM practices</th>
<th>Interpretations of headquarters managers and expatriates</th>
<th>Interpretations among local employees in the global financial service center</th>
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<tbody>
<tr>
<td>Managing and motivating local human resources in their daily work</td>
<td>Interesting tasks and possibilities to work autonomously are main motivating factor, but friendly interaction is also important. The relationship should normally be limited to the professional sphere. No explicit control or specific feedback.</td>
<td>Interesting tasks are important, but it is also crucial to feel noticed and appreciated by management. It is important that managers are clear, specific and explicit in their instructions and in their feedback so that one knows when one is doing well, and what to correct if one is doing less well. It is very important to learn and develop in order to grow and progress in one’s career. Courses, especially abroad, are useful, but one of the best ways to learn is through a good personal relationship with an involved and knowledgeable superior who gradually empowers the employee to take on more demanding tasks. The responsibility for employee development rests to a great extent with the manager.</td>
</tr>
<tr>
<td>Encouraging employee development</td>
<td>Employees should be provided opportunities to develop and acquire competences that enable them take on more responsibility and contribute with ideas and initiatives. Courses may be useful, but development also takes place through the initiatives of the employees in the course of their daily work.</td>
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<tr>
<td>Title structures and promotions</td>
<td>A relatively flat hierarchy with a simple title structure is more conducive to empowerment because it minimizes constraints and allows employees to act autonomously within their field of competence to a greater degree. Doing one’s job well speaks for itself. It is unnecessary and feels a little awkward to let one employee stand out from the rest by distributing employee prizes.</td>
<td>A relatively flat hierarchy with a simple title structure is demotivating and an impediment to empowerment in the sense that the employees are less motivated to do better. It signals a lack of managerial appreciation and involvement in employees. Employee prizes are a normal and praiseworthy gesture in order to show appreciation of an employee’s efforts in a visible manner. One should be proud to receive the prize.</td>
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6.0 DISCUSSION AND CONCLUSION

Our case study illustrates that when employees in the Bangalore subsidiary endorsed HRM practices they emphasized aspects that they understood as people centric, i.e. a personal relationship with their managers characterized by concern for their personal and professional development. In contrast, they appeared to disapprove of an implicit and impersonal exercise of power because explicit feedback on their work was interpreted as managerial concern. In this way, the case study demonstrates that the Indian management script established above contributed in shaping local employees sense making of the HRM practices defined by headquarters.

However, our case study also shows that the interpretations of interviewees diverged on some aspects, in particular those of the group of interviewees in the global financial service center. Their educational background, international profile and professional experience from other international MNCs provided them with better resources for replicating HRM practices in a manner consistent with that intended by headquarters. Moreover, their identity as modern Indians seemed to motivate them to explicitly reject what they defined as traditional Indian ways of exercising power while endorsing practices they
encountered in international MNCs. Finally, these employees had also strategic interests in replicating HRM practices, in the sense that these professional competences and an international profile appeared to offer promising career prospects within the expanding global financial service centre. However, our analysis proves that despite their resources and interests this group of interviewees does not interpret Danbicom’s HRM practices and values in a manner that is fully consistent with the system strategized at the corporate level. Thus, while these interviewees appreciated the accessibility to Danbicom’s management afforded by its flat hierarchies, they also requested more titles to make their career advancement visible to their family or friends and, just as importantly, to boost their prospects in the international labour market in the Bangalore area.

As a result, our case study demonstrates that the interpretations of local employees influence the transferability of HRM practices. In the global financial service centre, we observed that its expatriate director was ready to push for introducing a more differentiated title structure in order to attract and retain this group of employees. Their competences, which were in high demand in the international labour market in Bangalore, were considered crucial to the functioning of the newly established center. This also led headquarter managers to accept practices aimed at compensating for flat hierarchies (e.g. prizes and awards).

Our findings contribute to the literature on the transferability of HRM practices in two ways. First, this study illustrates that by listening carefully to local employees we can acquire insight into how they interpret HRM practices, which might be different to that intended by headquarters. This insight contributes to a deeper understanding of why some HRM practices works and others do not. Second, our study shows that predefined cultural dimensions and a measured cultural distance cannot predict transferability of HRM practices. In the process of transference unanticipated meanings are likely to emerge, and these meanings may differ between departments and groups of employees (House et al., 2004). Therefore our findings support extant literature which advocates a process-oriented approach to transferability as a way to shed light on contingent factors that might enhance or constrain such transfers, such as subsidiary or department resources and capabilities to replicate a given HRM practice (Björkman and Lervik, 2007). This study illustrated that the empowering management style of headquarters was easier to replicate in the global financial service centre because of the educational background and professional experience of its employees. This corroborates the need to conceive of subsidiaries as a multilayered reality (Martin, 2002) when considering resource capabilities (Festing and Eidems, 2011). Accordingly, the transferability of a HRM practice may differ within a subsidiary, as its departments consist of employees with different resources for replicating. Nevertheless, our evidence of divergent interpretations between groups of employees further suggests that having resources to replicate HRM practices does not imply that employees will find that it is in their interest to embrace them. These findings also point out the difficulties in creating a strong organizational climate in which shared perceptions induce similar interpretation of an HR system across organizational entities. Even though an HR system is carefully strategized and defined as a coherent system at the corporate level, employees may make sense of integral parts in unanticipated ways as they draw on context specific management scripts as well as individual resources, interests and identities.

The theoretical implications of our study point to the need to conceptualize employees as subjects who creatively interpret and make sense of HRM practices on the basis of their position in a particular organizational context and. Therefore, one theoretical contribution to IHRM-literature is to introduce an interpretative approach to culture as an alternative to the functionalist approach with its aggregate measurements of cultural dimensions. Measuring differences in power distance merely provide knowledge of a declarative type that, while useful to some extent, is insufficient for a fuller understanding of transferability. One can argue, indeed, that the cultural dimensions of power distance, claimed in the aggregated measurement between Denmark and India, came to the fore in the opposing perceptions by headquarters and local employees of title structures and preferred management styles with regard to clearly marked authority. However, this declarative knowledge failed to account for why the local employees expressed endorsement of the HRM practices and how they
expected power distance to be exercised legitimately, as well as for the different meanings the local employees attributed to these practices.

A second theoretical contribution that goes beyond HRM theory is to introduce management scripts as a conceptualization of context specific repertoires of common and conventional ways of exercising and responding to power that are likely to frame interpretations of an organizational event without determining them. In line with an interpretive approach, management scripts are conceived as context specific repertoires that organizational members may enact and combine differently depending on their position in a given situation and the interests they aim to promote. Management script allows for conceptualizing culturally specific taken-for-granted ways of understanding management in a given organizational environment at a certain point in history. Being in line with a social constructionist framework of organizations according to which organizational members contribute in creating social reality through ongoing processes of organizations, the concept contributes by abstracting culture specific patterns for to how exercise power in a given time and place. Hereby, management scripts provide a framework for contextualizing and better comprehending social actors' interpretations.

References


Voices on HRM practices ...


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